

Placement Document

Strictly Confidential and Not for Circulation

Serial No. : [●]



Akruti City Limited

(formerly known as Akruti City Limited)

(Incorporated in Republic of India with limited liability under the Companies Act, 1956 with Registration No. 11-50688 and Corporate Identification Number L45200MH1989PLC050688)

Akruti City Limited (the “**Company**”) is issuing 6,035,871 Equity Shares of face value Rs.10/- each (the “**Equity Shares**”) at a price of Rs. 501/- per Equity Share including a premium of Rs. 491/- per Equity Share, aggregating Rs. 3,023.97 million (the “**Issue**”).

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

THIS ISSUE AND THE DISTRIBUTION OF THE PLACEMENT DOCUMENT IS BEING MADE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE “SEBI ICDR REGULATIONS”). THE PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE QIB INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE TO THE EQUITY SHARES OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA. THE PLACEMENT IS MEANT ONLY FOR QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA.

Invitations, offers and sales of Equity Shares in this Issue shall only be made pursuant to the Placement Document, the Confirmation of Allocation Note and the Bid-cum-Application Form. The distribution of the Placement Document or the disclosure of its contents without our Company’s prior consent, to any person, other than Qualified Institutional Buyers (as defined in the SEBI ICDR Regulations) and persons retained by Qualified Institutional Buyers to advise them with respect to their subscription of the Equity Shares being issued pursuant to this Issue, is unauthorized and prohibited. Each prospective QIB investor, by accepting delivery of the Placement Document agrees to observe the foregoing restrictions, and to make no copies of the Placement Document or any documents referred to in the Placement Document. See also “Issue Procedure” in the Placement Document.

The Placement Document has not been reviewed by the Securities and Exchange Board of India, the Reserve Bank of India, the Bombay Stock Exchange Limited (the “**BSE**”) and the National Stock Exchange of India Limited (the “**NSE**”) (NSE and BSE collectively referred to as the “**Stock Exchanges**”) or any other regulatory or listing authority and is intended only for use by QIBs. The Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Investments in equity and equity-related securities involve a degree of risk and prospective investors should not invest in this Issue unless they are prepared to take the risk of losing all or part of their investment. Prospective investors are advised to carefully read the section titled “Risk Factors” before making an investment decision in this Issue. Each prospective investor is advised to consult its advisors about the particular consequences to it of an investment in the Equity Shares being issued pursuant to the Placement Document.

Our Company, having made all reasonable enquiries, accepts responsibility for the Placement Document and confirms that the Placement Document contains all information with regard to our Company and the Issue, as required by Chapter VIII read together with Schedule XVIII of the SEBI ICDR Regulations. Our Company further confirms that the information contained in the Placement Document is true and correct in all material respects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held, and that there are no other facts the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The information on our Company’s website or any website directly or indirectly linked to our Company’s website does not form part of the Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

All of our Company’s outstanding Equity Shares are listed on the Bombay Stock Exchange Limited (the “**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”), and together with the BSE, the “**Stock Exchanges**”). Applications shall be made for the listing of the Equity Shares offered through the Placement Document on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our Company, or the Equity Shares.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) DELIVER THE PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE SUCH PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

A copy of the Preliminary Placement Document has been delivered to the Stock Exchanges. A copy of the Placement Document will be filed with the Stock Exchanges. A copy of the Placement Document will also be delivered to the Securities and Exchange Board of India (the “**SEBI**”) for record purposes. The Preliminary Placement Document, Placement Document has not been vetted by SEBI or any other regulator.

THE PLACEMENT DOCUMENT HAS BEEN PREPARED BY OUR COMPANY SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF EQUITY SHARES DESCRIBED IN THE PLACEMENT DOCUMENT.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**US Securities Act**”), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with applicable US state securities laws. The Equity Shares are only being offered and sold outside the United States in reliance on Regulation S under the US Securities Act (“**Regulation S**”). For further details, please refer to the section titled “Selling Restrictions” and the section titled “Transfer Restrictions” of the Placement Document.

The Placement Document is dated September 10, 2009.



GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER	CO-MANAGER
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NOTICE TO INVESTORS

Our Company accepts full responsibility for the information contained in the Placement Document and to the best of its knowledge and belief, having made all reasonable enquiries, confirms that the Placement Document contains all information with respect to our Company and the Equity Shares, which is material in the context of this Issue. The statements contained in the Placement Document relating to our Company and the Equity Shares are, in material respects, true and accurate and not misleading. The opinions and intentions expressed in the Placement Document with regard to our Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to our Company and are based on reasonable assumptions. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in the Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements. The Global Co-ordinator and Book Running Lead Manager and the Co-Manager (“GC-BRLM and Co-Manager”) have not separately verified all of the information contained in the Placement Document (financial, legal or otherwise). Accordingly, neither the GC-BRLM and Co-Manager nor any of their respective members, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the GC-BRLM and Co-Manager, as to the accuracy or completeness of the information contained in the Placement Document or any other information supplied in connection with the Equity Shares proposed to be issued pursuant to this Issue. Each person receiving the Placement Document acknowledges that such person has relied on neither the GC-BRLM and Co-Manager nor on any person affiliated with the GC-BRLM and Co-Manager in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorized to give any information or to make any representation not contained in the Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or the GC-BRLM and Co-Manager. The delivery of the Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No regulatory authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of the Placement Document. Any representation to the contrary may be a criminal offence.

The distribution of the Placement Document and the Issue may be restricted by law in certain jurisdictions. As such, the Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, the Equity Shares in this Issue may not be offered or sold, directly or indirectly, and neither the Placement Document nor any Issue material in connection with the Equity Shares issued pursuant to this Issue may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including merits and risk involved. Investors should not construe the contents of the Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Company nor the GC-BRLM and Co-Manager are making any representation to any offeree or subscriber of Equity Shares pursuant to this Issue regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable legal, investment or similar laws or regulations. Each subscriber of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VIII of the SEBI ICDR Regulations and that it is not prohibited by the SEBI or any other statutory authority from buying, selling or dealing in securities. Each subscriber of Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and such Equity Shares.



You are reminded that you have accessed the attached Placement Document on the basis that you are a person into whose possession the Placement Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

Actions That You May Not Take: You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply via e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

You may not and are not authorized to (1) forward or deliver the Placement Document, electronically or otherwise, to any other person or (2) reproduce such Placement Document in any manner whatsoever. Any forwarding, distribution or reproduction of the Placement Document in whole or in part is unauthorized. Failure to comply with this directive may result in a violation of the applicable laws of the United States or any other relevant jurisdiction.

You are responsible for protection against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

REPRESENTATIONS BY INVESTORS

By subscribing to any Equity Shares under the Issue, you are deemed to have acknowledged and agreed as follows:

- you are a qualified institutional buyer as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations ("QIB") and undertake to acquire, hold, manage or dispose of any Equity Shares that are allocated to you for the purposes of your business in accordance with Chapter VIII of the SEBI ICDR Regulations;
- you confirm that if allotted Equity Shares pursuant to the Preliminary Placement Document and Placement Document, you shall not, for a period of one (1) year from the date of allotment, sell the Equity Shares so acquired otherwise than on a recognized stock exchange;
- you are, and at the times the offer of Equity Shares was made to you and your buy order for the Equity Shares was originated you were, located outside the United States (within the meaning of Regulation S);
- you are aware that the Equity Shares have not been, and will not be, registered under the regulations of the SEBI or under any other law in force in India. The Preliminary Placement Document has not been verified or affirmed by the SEBI or the Stock Exchanges and will not be filed with the Registrar of Companies. The Preliminary Placement Document has been filed with the Stock Exchanges. A copy of the Placement Document will be filed with the Stock Exchanges and will be displayed on the websites of our Company and the Stock Exchanges;
- you are entitled to subscribe for the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities;
- you are entitled to subscribe to the Equity Shares under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in the Placement Document) and will honour such obligations;
- you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or our agents ("Company Presentations") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the GC-BRLM and Co-Manager may not have knowledge of the statements that our Company or our agents may have made at such Company Presentations and are therefore unable to determine whether the



information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the GC-BRLM and Co-Manager have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

- neither our Company nor the GC-BRLM and Co-Manager are making any recommendation to you or advising you regarding the suitability of any transactions that you may enter into in connection with the Issue. Your participation in the Issue is on the basis that you are not and will not be a client of the GC-BRLM and Co-Manager and that the GC-BRLM and Co-Manager do not have any duty or responsibility to you for providing the protection afforded to their respective clients or customers or for providing advice in relation to the Issue and are in no way acting in a fiduciary capacity;
- you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public. Further, you are aware and understand that the allotment of the Equity Shares shall be on a discretionary basis;
- you have made, or been deemed to have made, as applicable, the representations set forth under "Transfer Restrictions";
- you have been provided a serially numbered copy of the Placement Document and have read the Placement Document in its entirety, including, in particular, the section entitled "Risk Factors";
- that in making your investment decision, (i) you have relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved, (ii) you have made and will continue to make your own assessment of our Company, the Equity Shares and the terms of the Issue, (iii) you have relied upon your own investigations and resources in deciding to invest in the Equity Shares, (iv) you have consulted with your own independent advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, including any applicable securities law, and (v) you have relied solely on the information contained in the Placement Document and no other disclosure or representation by our Company or any other party and (vi) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares;
- the GC-BRLM and Co-Manager has not provided you with any tax advice or otherwise made any representations regarding the tax consequences of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the GC-BRLM and Co-Manager when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive and agree not to assert any claim against the GC-BRLM and Co-Manager with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;
- you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and / or the GC-BRLM and Co-Manager for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your circumstances, financial or otherwise, which may cause or require any sale or distribution by you of all or any part of the Equity Shares allotted to you pursuant to the Issue;
- that, where you are subscribing for the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and you hereby make) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;



- you are not a Promoter and are not a person related to the Promoters, either directly or indirectly and your bid does not directly or indirectly represent the Promoter or promoter group or person related to the Promoters of our Company;
- you have no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than such rights acquired in the capacity of a lender not holding any Equity Shares of our Company, and that shall not be deemed to be a person related to the Promoter;
- you have no right to withdraw your Bid after the Bid Closing Date;
- you are eligible to Bid for and hold Equity Shares so allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your holding upon the issue of the Equity Shares shall not exceed the level permissible as per any applicable law or regulation;
- the Bids submitted by you would not eventually result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (the "Takeover Code");
- to the best of your knowledge and belief, together with other QIBs in the Issue that belong to the same group or are under common control as you, the allotment under the present Issue shall not exceed 50% of the Issue Size. For the purposes of this representation: (a) the expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956 (the "Companies Act"); and (b) "control" shall have the same meaning as is assigned to it by clause (c) of Regulation 2 of the Takeover Code;
- you shall not undertake any trade in the Equity Shares credited to your depository participant account until such time that the final trading approval for the Equity Shares is issued by the Stock Exchanges;
- you are aware that in-principle approvals under Clause 24(a) have been received from the Stock Exchanges and application for listing and trading for the Equity Shares shall be made after allotment of Equity Shares;
- you are aware and understand that the GC-BRLM and Co-Manager will have entered into a memorandum of understanding with our Company whereby the GC-BRLM and Co-Manager have, subject to the satisfaction of certain conditions set out therein, undertaken to use their reasonable endeavours as agent of our Company to seek to procure subscription for the Equity Shares;
- that the contents of the Placement Document are exclusively the responsibility of our Company and that neither the GC-BRLM and Co-Manager nor any person acting on their respective behalf has, or shall have, any liability for any information, representation or statement contained in the Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in the Placement Document or otherwise. By accepting a participation in this Issue, you agree and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the GC-BRLM and Co-Manager or our Company or any other person and, to the greatest extent permitted by law, neither the GC-BRLM and Co-Manager nor our Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received, whether contained in the Placement Document or otherwise;



- Subject to, as stated in the preceding clause herein, the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares, is contained in the Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and that you have neither received nor relied on any other information given or representations, warranties or statements made by the GC-BRLM and Co-Manager (including any view, statement, opinion or representation expressed in any research published or distributed by the GC-BRLM and Co-Manager or their respective affiliates or any view, statement, opinion or representation expressed by any staff (including research staff) of the GC-BRLM and Co-Manager or their respective affiliates) or our Company and the GC-BRLM and Co-Manager will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement;
- you agree to indemnify and hold our Company and the GC-BRLM and Co-Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations and warranties in this paragraph. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by or on behalf of the managed accounts;
- that our Company, the GC-BRLM and Co-Manager, and our respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are irrevocable;
- all statements other than statements of historical fact included in the Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's completed projects, projects under development and future projects), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially and adversely different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and the environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of the Placement Document;
- Our Company assumes no responsibility to update any of the forward-looking statements contained in the Placement Document;
- that you are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000, as amended from time to time ("Security Regulations"), and have not been prohibited by the SEBI from buying, selling or dealing in securities;
- you understand that the GC-BRLM and Co-Manager do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of our respective obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;
- that you are a sophisticated investor who is seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution. In particular, you acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investments matters so as to render you capable of evaluating the merits and risks of your investment in the Equity Shares; and



- that each of the acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment of the Equity Shares and the listing and commencement of trading of Equity Shares, wherever the context may require.

OFF-SHORE DERIVATIVE INSTRUMENTS (P-NOTES)

Foreign Institutional Investors as defined under the SEBI ICDR Regulations or their sub-accounts (together referred to as "FIIs"), including FII affiliates of the GC-BRLM and Co-Manager, were permitted under Regulations 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, to issue, deal in or hold, off shore derivative instruments such as participatory notes, equity linked notes or any other similar instruments against Equity Shares allocated in the Issue (all such off shore derivative instruments referred to herein as "P-Notes"), for which they may receive compensation from the purchasers of such instruments. SEBI *vide* Securities and Exchange Board of India (Foreign Institutional Investors) (Amendment) Regulations, 2008, as further amended by the Securities and Exchange Board of India (Foreign Institutional Investors) (Second Amendment) Regulations, 2008 ("Amendment Regulations") has stated that no FII shall issue any offshore derivative instruments to any person other than a person regulated by an appropriate foreign regulatory authority, that they should be issued after compliance with 'know your client' norms and the FIIs are required to cancel, redeem or close out such offshore derivative instruments so issued to a person other than a person regulated by an appropriate foreign regulatory authority, before March 31, 2009. FIIs are also required to ensure that no further issue or transfer is made of any P-Notes issued by or on behalf of it to any person other than a person regulated by an appropriate foreign regulatory authority. Further, no subaccount shall, directly or indirectly, issue offshore derivative instruments: and the offshore derivative instruments issued directly or indirectly by a sub-account, before the commencement of the Amendment Regulations and outstanding as at such commencement shall be cancelled or redeemed or closed out before March 31, 2009. FIIs are also required to furnish information, regarding such P-Notes in such format and at such intervals as is prescribed by SEBI from time to time.

P-Notes have not been and are not being offered or sold pursuant to the Placement Document. Neither the Preliminary Placement Document nor the Placement Document contains or will contain any information concerning P-Notes or the issuer(s) of any P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claims on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company does not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with any P-Notes.

Any P-Notes that may be issued are not securities of the GC-BRLM and Co-Manager and do not constitute any obligations of, or claims on, the GC-BRLM and Co-Manager.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

- (1) warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document;



- (2) warrant that our Company's Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or
- (3) take any responsibility for the financial or other soundness of our Company, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that the Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares of our Company pursuant to this Issue may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.



ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. Substantially all directors and executive officers of our Company are residents of India and a substantial portion of the assets of such persons and of our Company are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons outside India or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 (the "Civil Code") on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except:

- (a) where the judgment has not been pronounced by a court of competent jurisdiction;
- (b) where the judgment has not been given on the merits of the case;
- (c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable;
- (d) where the proceedings in which the judgment was obtained were opposed to natural justice;
- (e) where the judgment has been obtained by fraud; or
- (f) where the judgment sustains a claim founded on a breach of any law than in force in India.

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such Section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties.

The United Kingdom, Singapore and Hong Kong have been declared by the Central Government to be reciprocating territories for the purposes of Section 44A.

A judgment of a court of a country which is not a reciprocating territory may be enforced only by a suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within two years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. We cannot assure you that Indian courts and/or authorities would not take a longer amount of time to adjudicate and conclude similar proceedings in their respective jurisdictions.



PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Our Company publishes its financial statements in Rupees. Our Company's financial statements included herein have been prepared in accordance with Indian GAAP. Unless otherwise indicated, all financial data in the Placement Document are derived from our Company's financial statements prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("IFRS"), US GAAP and other international accounting systems.

Our Company's fiscal year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year. The audited consolidated financial statements of our Company for the years ended March 31, 2007, March 31, 2008 and March 31, 2009 (the "Audited Consolidated Financial Statements") that appear in the Placement Document were prepared in accordance with Indian GAAP. The unaudited financial results (limited reviewed) for the first quarter ended June 30, 2009 (the "Unaudited June Quarter Results") that appear in the Placement Document have been prepared by our Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges in India. The Audited Consolidated Financial Statements and the Unaudited June Quarter Results are collectively referred to herein as the "Financial Statements".

In the Placement Document, all references to "you" are to the prospective investors in the Equity Shares issued pursuant to the Issue, all references to "India" are to the Republic of India and all references to the "Government" are to the Government of India (unless the context otherwise requires). All references to "Rupees" or "Rs." are to the lawful currency of India. All references to "U.S. dollars", "dollars", "\$", "USD" and "US\$" are to the lawful currency of the United States of America. All references to "£" are to the lawful currency of the United Kingdom. All references to "€" are to the lawful currency of the member states of the European Union that adopted it as the single currency. All references to "AED" are to the lawful currency of the United Arab Emirates.

In the Placement Document, certain monetary amounts have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.



INDUSTRY AND MARKET DATA

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our Company's business contained in the Placement Document consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on our knowledge of our revenues and markets. In some cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, thus requiring our Company to rely on internally developed estimates. While we have compiled, extracted and reproduced market or other industry data from external sources, including third parties or industry or general publications, our Company has not independently verified such data. We cannot assure potential investors of the accuracy and completeness of, and takes no responsibility for, such data. Our Company takes responsibility for accurately reproducing such information but, subject to the next sentence, accepts no further responsibility in respect of such information and data. Our Company confirms that such information and data have been accurately reproduced. Several reports also expressly disclaim legal responsibility and liability of the person/ organisation preparing the report for any loss or damage resulting from the contents of such reports. Accordingly, we and the GC-BRLM and Co-Manager do not take any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/ source documents. The actual data for those years may vary significantly and materially from the estimates so contained. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and our Company cannot assure potential investors as to their accuracy.



FORWARD-LOOKING STATEMENTS

The Placement Document includes statements that are, or may be deemed to be, "forward-looking statements". These statements express views of the management of our Company and expectations based upon certain assumptions regarding trends in the Indian and international financial markets and regional economies, the political climate in which our Company operates and other factors. These forward-looking statements can be identified by the use of forward-looking terminology, including, among other, the words "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, goals, future events, projects under development, future projects or intentions. All statements regarding our Company's expected financial condition and results of operations, business plans, and prospects, are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, projects under development, future projects, revenue, profitability and other matters discussed in the Placement Document regarding matters that are not historical facts. They appear in a number of places throughout the Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and depend on circumstances, that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Our Company's actual results of operations, financial condition, liquidity, dividend policy and the development of the industry in which we operate may differ materially from the impression created by the forward-looking statements contained in the Placement Document. In addition, even if the results of operations, financial condition, liquidity and dividend policy of our Company and the development of the industry in which we operate are consistent with the forward-looking statements contained in the Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause actual results and property valuations to differ materially from our expectations include, but are not limited to, the following:

- the performance of the real estate market and the prevailing condition of the real estate markets;
- changes in the Slum Rehabilitation Scheme currently in effect;
- the effect of changes in our accounting policies;
- impairment of our interests in land and availability of suitable insurance;
- conditions on development rights and possible non-fulfilment of such conditions;
- our ability to manage our growth effectively;
- our ability to acquire development rights over additional lands outside Mumbai;
- our ability to develop and market developments in proposed new lines of business;
- the extent to which sale proceeds differ from our land valuations;
- costs and availability of building supplies;
- the outcome of legal or regulatory proceedings to which we, our subsidiaries, associates or joint ventures or partnerships are a party to or might become involved in;
- changes in government policies and regulatory actions that apply to or affect our business; and
- our ability to compete effectively, particularly in new markets and business lines.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business Overview". These forward-looking statements speak only as of the date of the Placement Document. Our Company and the GC-BRLM and Co-Manager expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in our Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.



The forward-looking statements contained in the Placement Document are based on the beliefs of the management of our Company, as well as the assumptions made by, and information currently available to, the management of our Company. Even though our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All written and other forward-looking statements attributable to our Company in the Placement Document are expressly qualified in their entirety by reference to these cautionary statements.



DEFINITIONS AND GLOSSARY

Definitions of certain terms used in the Placement Document

In the Placement Document, unless the context otherwise indicates, all references to "Ackruti", our "Company" and the "Issuer" are to Ackruti City Limited, and the terms "we", "us" and "our" are to Ackruti City Limited our subsidiaries, joint ventures, associates and partnership firms.

The following list of defined terms is intended for the convenience of the reader only and is not exhaustive.

Terms	Description
Ackruti City Limited or Company / "the Company" / "our Company" / "we" / "us" / "our"	Ackruti City Limited, a public limited company incorporated under the Companies Act and whose registered office is at Akruti Trade Centre, Road No.7, Marol MIDC, Andheri (E), Mumbai 400093, India. (Formerly known as Akruti City Limited)
Ackruti Group / Akruti Group	Our Company together with our subsidiaries, joint ventures, associates and partnership firms
Allocated or Allocation	The determination of successful Bidders pursuant to receipt of Bid-cum-Application Form from QIBs by our Company in consultation with the GC-BRLM and Co-Manager in compliance with Chapter VIII of the SEBI ICDR Regulations
Allotment or Allotted	Unless the context otherwise requires, the allotment of Equity Shares to the successful Bidders pursuant to this Issue
Allottee	QIBs who are allotted Equity Shares pursuant to this Issue
Bid-cum-Application Form	The form which the QIBs are required to complete and return to the GC-BRLM and Co-Manager, and pursuant to which they apply for the Allotment of Equity Shares
Articles / Articles of Association	Articles of Association of Ackruti City Limited
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASSOCHAM	Associated Chambers of Commerce and Industry of India
Auditors	Dalal & Shah, and Doshi Doshi & Associates, Chartered Accountants, joint statutory auditors, Mumbai
Board of Directors or Board	Board of Directors of Ackruti City Limited or a Committee constituted thereof.
Bid	An indication of interest to subscribe for Equity Shares of our Company, made pursuant to a Bid-cum-Application Form
Bidders	QIBs who have made a Bid
Bidding Period/ Bidders/Issue Period/ Bid/Issue Period	The period between the Bid Opening Date and Bid Closing Date, inclusive of both dates, during which QIBs may submit their Bids
Bid Closing Date/ Bid/Issue Closing Date	Monday, September 07, 2009, i.e. the date on which our Company (or the GC-BRLM and Co-Manager on behalf of the Company) shall cease acceptance of duly completed Bid-cum-Application Forms for the Issue, from QIBs



Terms	Description
Bid Opening Date/ Bid/Issue Opening Date	Thursday, September 03, 2009, i.e. the date on which our Company (or the GC-BRLM and Co-Manager on behalf of our Company) shall commence the acceptance of duly completed Bid-cum-Application Forms for the Issue, from QIBs
BOLT	BSE's online trading facility
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CAN or Confirmation of Allocation Note	The valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares allocated to such QIBs pursuant to this Issue
CDSL	Central Depository Services (India) Limited
Citygold	Citygold Management Services Private Limited
Civil Code or Code	The Code of Civil Procedure, 1908 of India, as amended
Committee	Committee of the Board of Directors
Companies Act or Companies Act, 1956	The Companies Act, 1956 of India, as amended
DCR	Development Control Regulations for Greater Bombay, 1991
Directors	Board of Directors of Ackruti City Limited
Delisting Guidelines	The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended
Depository Participant	A depository participant as defined under the Depositories Act
EGM	Extraordinary General Meeting
Equity Shares	Equity Shares with full voting rights of Ackruti City Limited of face value of Rs.10/- each, unless otherwise specified in the context thereof
Erstwhile SEBI Guidelines/Erstwhile SEBI DIP Guidelines	The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as replaced by the SEBI ICDR Regulations
Equity Shareholders / Shareholders	Persons holding Equity Shares of Ackruti City Limited, unless otherwise specified in the context thereof
Escrow Agent / Collection Bank/ Escrow Bank/ Designated Bank	HDFC Bank Limited
Escrow Cash Account/Escrow	A special bank account opened by our Company entitled "Ackruti City - QIP Escrow Account" with the Escrow Agent in terms of the arrangement between our



Terms	Description
Account	Company, GC-BRLM and Co-Manager and the Escrow Agent
FDI	Foreign Direct Investment in an Indian company, in accordance with applicable law
FEMA	The Foreign Exchange Management Act, 1999, as amended and the regulations framed thereunder
FII	Foreign Institutional Investor (as defined under Section 2(f) the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
Financial Year or Fiscal Year or Fiscal	A period of twelve months ending March 31 of that particular year, unless otherwise stated
Floor Price	Rs. 500.60 per Equity Share calculated in accordance with Clause 13A.3 of the Erstwhile SEBI Guidelines, which corresponds to Regulation 85 of the SEBI ICDR Regulations
FSMA	The Financial Services and Markets Act, 2000 of the United Kingdom
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
Global Co-ordinator and Book Running Lead Manager and the Co-Manager	Anand Rathi Advisors Limited and Pioneer Investcorp Limited
GoI or Government	Government of India, unless otherwise specified
GoM	Government of Maharashtra
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Income Tax Act or IT Act	The Income Tax Act, 1961 of India, as amended
India	The Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended
Issue	The offer and issuance of the Equity Shares to Qualified Institutional Buyers, pursuant to Chapter VIII of the SEBI ICDR Regulations. The Equity Shares offered pursuant to this Issue are being offered and sold outside the United States in reliance on Regulation S.



Terms	Description
Issue Price	A price of Rs. 501/- per Equity Share, finalised by our Company, in consultation with the GC-BRLM and Co-Manager
Issue Size	The issue of 6,035,871 Equity Shares aggregating to Rs. 3023.97 million
Indian Stock Exchanges/ Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited
Listing Agreements	The agreement executed by a listed company with each of Stock Exchanges
MCGM/BMC	Municipal Corporation of Greater Mumbai
MHADA	Maharashtra Housing Areas Development Authority
MIDC	Maharashtra Industrial Development Corporation
Memorandum / Memorandum of Association	The Memorandum of Association of Ackruti City Limited
MMRDA	Mumbai Metropolitan Regional Development Authority
MOU	Memorandum of Understanding executed among our Company and the GC-BRLM and Co-Manager
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Non-Resident Indian(s) or NRI	Non-Resident Indian, as defined under FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to benefits under the general permission granted to OCBs under the FEMA
PAN	Permanent Account Number
Pay-In Date	The last date specified in the CAN sent to QIBs, as applicable
Placement Document	The Placement Document dated September 10, 2009 issued in accordance with Chapter VIII of the SEBI ICDR Regulations
Preliminary Placement Document	The Preliminary Placement Document dated August 31, 2009 issued in accordance with Chapter XIII-A of the Erstwhile SEBI Guidelines, now rescinded and replaced by the SEBI ICDR Regulations.
QIBs or Qualified Institutional Buyers	A Qualified Institutional Buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations



Terms	Description
RBI	The Reserve Bank of India
Registrar of Companies or RoC	The Registrar of Companies, Mumbai having its office at situated at Everest, 100 Marine Drive, Mumbai 400002, Maharashtra, India
Registered Office	The registered office of our Company located at Akruti Trade Centre, Road No.7, Marol MIDC, Andheri (E), Mumbai 400093, India
Regulation S	Regulation S under the U. S. Securities Act
Relevant Member State	Each Member State of the European Economic Area, which has implemented the Prospectus Directive 2003/71/EC
SCRA	The Securities Contracts (Regulation) Act, 1956, of India, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957, of India, as amended
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI Regulations /SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Security Regulations	The Foreign Exchange Management (Transfer or Issue of Security By a Person Resident Outside India) Regulations, 2000
SEZ	Special Economic Zone established in accordance with the SEZ Act
SEZ Act	The Special Economic Zone Act, 2005 of India, as amended
SFA	Securities and Futures Act, Chapter 289 of Singapore
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, of India, as amended
Slum Rehabilitation Scheme	A slum rehabilitation scheme sanctioned by the SRA as per the provisions of the Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971, the Maharashtra Regional and Town Planning Act, 1966 and the provisions of the Development Control Regulations for Greater Mumbai, 1991
SPV	Special Purpose Vehicle
SRA	Slum Rehabilitation Authority set up under the Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971, as amended
State	Any state in the Republic of India
State Government	Government of a State
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
Subsidiaries	The subsidiaries of our Company



Terms	Description
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended
TDR	Transferable Development Rights
Town Planning Act	Maharashtra Regional and Town Planning Act, 1966
UK	The United Kingdom of Great Britain
U. S. Securities Act	U.S. Securities Act of 1933, as amended



DETAILS OF GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER AND THE CO-MANAGER AND OTHER ADVISORS TO THE ISSUE

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SUMMARY OF BUSINESS

The following summary provides an overview of the information contained in the Placement Document. Because this is a summary, it does not contain all the information that may be important to you. You should read the entire Placement Document, including the Financial Statements, before you decide to invest in the Equity Shares. There are risks associated with any investment. Some of the particular risks in investing in the Equity Shares are set out in the section entitled "Risk Factors". You should read that section carefully before you decide to invest in the Equity Shares. In this section, unless the context otherwise requires, references to "we", "us", "our" and "our Company" refer to Ackruti City Limited our subsidiaries, joint ventures, associates and partnership firms taken as a whole. Unless otherwise noted, the total square footage numbers provided in this section for projects undertaken by us through associates / joint ventures represent the total square footage of development undertaken by the relevant joint venture and not our proportionate interest in such square footage. The data below in respect of acreage, square footage and similar information relating to our Company's lands and developments is based on management estimates and has not been independently appraised or verified. Reliance on such data should accordingly be limited. Also see the risk entitled 'Our statements as to areas under development are based on management estimates and have not been independently appraised', in the section entitled "Risk Factors".

We are a real estate development company based in Mumbai, India. At present, our primary business is the development of commercial and residential properties. Our operations include the identification and acquisition of land and land development rights and the planning, execution and marketing of our projects. Our commercial business operations involves us developing, selling and leasing of commercial office space, including office towers and information technology parks, with a focus on properties attractive to the information technology ("IT"), information technology enabled services ("ITES") and business processing outsourcing ("BPO") enterprises. Our residential business operations involve us developing multi-unit residential apartment buildings with residences ranging from one bedroom flats to higher end five bedroom flats.

A key focus area of our business has been real estate development on slum rehabilitation land, pursuant to the Slum Rehabilitation Scheme ("SRS") initiated by the GoM in 1992, whereby in return for developing new residential buildings for former slum dwellers, the GoM grants us either the right to develop a proportion of former slum land for our own purposes or Transferable Development Rights ("TDRs"), which permit us to develop land in certain parts of Mumbai located outside the relevant slum area. Since undertaking our first real estate development project in 1989, we have developed approximately 9.34 million square feet of developed area, of which approximately 6.51 million square feet, or approximately 70%, has been developed on land made available to us for development through our participation in slum rehabilitation projects. We have developed new dwellings on, and handed over free of charge, approximately 4.67 million square feet of residential space on these slum rehabilitation lands to provide housing for former slum dwellers. We have used the remaining slum rehabilitation lands made available to us to develop approximately 1.84 million square feet of saleable area as commercial, residential and IT park projects. Our participation in slum rehabilitation projects in Mumbai has allowed us to obtain strategically located land for our real estate development projects at a lower cost than we would have otherwise incurred for the purchase of comparable, developable urban land in Mumbai. The balance development of approximately 2.83 million square feet, or approximately 30%, has been developed through non slum rehabilitation projects.

Of the approximately 9.34 million square feet of saleable area that have been developed by us since our Company's incorporation, we have developed approximately 3.97 million square feet independently, or approximately 42% of such land, and approximately 5.37 million square feet, or approximately 58%, has been developed either in partnership with other companies in the real estate sector, as part of joint venture arrangements, or as part of a consortium.

Historically, we have focused our business on real estate development in Mumbai. However, as part of our growth strategy, we have expanded into Pune, Thane, Gujarat, Jaipur and Bengaluru, and intend to expand our business into other cities, particularly where we see future potential for our operations. We also intend to further diversify our business lines by selectively exploring new concepts for large scale development projects, such as townships, serviced apartments and hotels.



In respect of our ongoing projects under development, as of June 30, 2009 we have development rights for approximately 13.04 million square feet of land area, primarily located in Mumbai and other urban areas. Of this area, approximately 1.68 million square feet represent slum rehabilitation land and approximately 11.36 million square feet represent land acquired or leased from third parties. We expect to develop approximately 19.00 million square feet on these lands, of which approximately 16.63 million square feet will be saleable area and the balance approximately 2.37 million square feet of constructed new dwellings will be handed over free of charge to former slum dwellers. In addition to the above, we expect to be granted approximately 1,00,000 square feet of TDRs.

In respect of our future projects, as of June 30, 2009, we have also initiated steps to acquire development rights over an additional approximately 17.89 million square feet of land area, primarily located in Mumbai and other urban areas. Our management expects, based on applicable zoning regulations, to develop approximately 39.34 million square feet on these lands, of which approximately 35.21 million square feet will be saleable area and the balance approximately 4.13 million square feet of constructed new dwellings will be handed over free of charge to former slum dwellers. In addition to the above, we expect to be granted approximately 414,000 square feet of TDRs.

Our sales, on a consolidated basis, have grown at a CAGR of 68.22% from Rs. 1,984.75 million for the year ended March 31, 2007 to Rs. 5,616.35 million for the year ended March 31, 2009. Our profit after tax, on a consolidated basis, has grown at a CAGR of 108.62% from Rs. 766.91 million for the year ended March 31, 2007 to Rs. 3,337.63 million for the year ended March 31, 2009.

**SUMMARY OF THE ISSUE**

This following is general summary of the terms of the Issue; this summary should be read in conjunction with, and is qualified in its entirety by more detailed information appearing in the Placement Document, including "Risk Factors".

Company / Issuer	Ackruti City Limited
Issue	6,035,871 Equity Shares of Rs. 10/- each for cash at a price of Rs. 501/- per Equity Share, aggregating to Rs. 3023.97 million
Issue Price per Equity Share	501/-
Issue Size	The Issue of 6,035,871 Equity Shares aggregating to Rs. 3023.97 million.
Equity Shares outstanding prior and after the Issue	66,700,000 Equity Shares are issued and outstanding immediately prior to the Issue. Immediately after this Issue, 72,735,871 Equity Shares will be issued and outstanding.
Eligible Investors	QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations.
Listing	Our Company shall make applications to the Stock Exchanges to obtain Listing and Trading approvals for the Equity Shares offered through the Placement Document.
Transferability Restriction	The Equity Shares being allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment except on a recognised stock exchange in India. Please refer to the section entitled "Selling Restrictions" and "Transfer Restrictions" relating to the sale of the Equity Shares.
Ranking	The Equity Shares being issued pursuant to this Issue shall be subject to the provisions of our Company's Memorandum and Articles of Association and shall rank <i>pari passu</i> in all respects with the existing Equity Shares including rights in respect of dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the date of allotment, in compliance with the Companies Act. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act and our Company's Articles of Association. Also, see "Description of the Equity Shares".
Use of Proceeds	<p>The proceeds of the Issue are estimated to be approximately Rs. 3,023.97 million, before deducting the Issue expenses.</p> <p>Subject to compliance with applicable laws and regulations, we intend to use the net proceeds received from the Issue to fund our various expansion plans, meet long-term working capital requirements, repay debts and for any other permissible uses.</p>
Company Lock-up	Our Company has agreed that neither it nor any person acting on its behalf will (i) issue, offer, sell, lend, mortgage, assign, contract to sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce any such action), directly or indirectly, any Equity Shares or any securities convertible or exchangeable into or exercisable for, or substantially similar to, any Equity Shares for a period of 90 days from the date of the MOU. For further details please refer the section entitled "Placement" of the Placement Document.
Promoter Lock-up	Each Promoter and each member of the promoter group has entered into a lock-up agreement in effect during the period commencing on the date of the MOU and ending on the date falling 90 days after the date of the MOU. For further details please refer the section entitled "Placement" of the Placement Document.



Risk Factors	Prior to making an investment decision in this Issue, please refer sections entitled "Risk Factors", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".
Security Codes	ISIN: INE703H01016 BSE Code: 532799 NSE Code: ACKRUTI - EQ Bloomberg: AKCL:IN



SELECTED FINANCIAL INFORMATION OF OUR COMPANY

The selected audited consolidated financial information for the years ended March 31, 2007, March 31, 2008 and March 31, 2009 and the unaudited financial results (limited reviewed) for the quarter ended June 30, 2009 should be read in conjunction with our Company's audited consolidated financial statements and schedules and notes thereto and our Company's unaudited financial results (limited reviewed) for the quarter ended June 30, 2009 included in the Placement Document.

The selected audited consolidated balance sheet data and profit and loss data for the years ended March 31, 2007, March 31, 2008 and March 31, 2009 and cash flow data for the years ended March 31, 2008 and March 31, 2009 set forth below have been derived from our Company's audited consolidated financial statements for such years, which have been prepared in accordance with Indian GAAP and have been audited jointly by Dalal & Shah, Chartered Accountants together with (i) Doshi Doshi & Associates, Chartered Accountants, for the years ended March 31, 2008 and March 31, 2009 and (ii) Viral D. Doshi, Chartered Accountants, for the year ended March 31, 2007, joint statutory auditors, of our Company.

Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IAS/IFRS or other accounting principles.

Indian GAAP differs in certain material respects from IAS and IFRS.

The selected Financial Statements set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements included in the Placement Document.

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009, 2008 AND 2007**

Rs. in million

Particulars	Schedule	2009	2008	2007
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	A	667.00	667.00	667.00
Reserves and Surplus	B	9,755.61	6,491.81	4,311.46
		10,422.61	7,158.81	4,978.46
Share Application Money		42.00	112.69	-
LOAN FUNDS				
	C			
Secured Loans		8,488.93	5,520.21	2,819.84
Unsecured Loans		2,079.83	2,771.74	2,058.92
		10,568.76	8,291.95	4,878.76
DEFFRRED TAX LIABILITY (Refer Note 4)		-	-	1.32
MINORITY INTEREST		1.85	19.78	1.19
TOTAL		21,035.22	15,583.23	9,859.73
APPLICATION OF FUNDS				
FIXED ASSETS				
	D			
Gross Block		759.90	1,256.47	1,037.34
Less:- Depreciation and Amortisation		109.55	212.13	144.53
Net Block		650.35	1,044.34	892.81
Capital Work – in – progress		331.22	104.72	2.67
		981.57	1,149.06	895.48
INVESTMENTS	E	3,025.41	2,276.47	2,746.84
DEFFRRED TAX ASSET (Refer Note 4)		103.72	316.95	-
CURRENT ASSETS, LOANS AND ADVANCES				
	F			
Inventories		7,729.94	4,351.21	1,584.27
Sundry Debtors		4,517.39	45.41	716.02
Cash and Bank Balances		109.75	402.84	1,333.47
Other Current Assets		740.83	323.73	2.58
Loans and Advances		6,153.15	8,926.58	3,570.58
		19,251.06	14,049.77	7,206.92
LESS: CURRENT LIABILITIES AND PROVISIONS				
	G			
Current Liabilities		2,142.71	1,548.84	659.72
Provisions		240.03	660.18	329.79
		2,382.74	2,209.02	989.51
NET CURRENT ASSETS		16,868.32	11,840.75	6,217.41
MISCELLANEOUS EXPENDITURE (to the extent not written off)				
Loan Processing Fees and Other Finance Charges		56.20	-	-
TOTAL		21,035.22	15,583.23	9,859.73
Notes forming part of the Accounts	O			

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH, 2009, 2008 AND 2007**

		Rs. in million		
Particulars	Schedule	2008-09	2007-08	2006-07
Income				
Sales and Income from Operations	H	5,028.27	3,340.04	1,894.76
Surplus on Sale of Interest in Project executed through subsidiary company		376.90	-	-
Share of Profit from Joint Ventures and Partnership Firms (Net)		0.02	49.55	-
Other Income	I	211.16	308.54	95.27
TOTAL		5,616.35	3,698.13	1,990.03
Expenditure				
Cost of Construction	J	4,185.85	2,398.46	1,031.53
(Increase) in Inventories	K	(4,439.31)	(2,139.70)	(459.73)
Purchase of Transferable Development Rights (TDR) for Trade		-	-	34.23
Share of Loss from Joint Ventures and Partnership Firms (Net)		-	-	5.28
Employment Costs	L	148.70	69.67	67.33
Administrative, Selling and General Expenses	M	369.16	223.92	169.36
Cost allocated to contractual interest in projects executed through Associates, etc. amortised		58.51	-	-
Project Expenses written off		36.20	-	-
Interest and Finance Charges	N	1,402.25	615.37	199.90
Depreciation and Amortisation		57.13	69.31	62.10
TOTAL		1,818.49	1,237.03	1,110.00
Profit Before Tax, Before Minority Interest And Share Of Profit / (Loss) Of Associates		3,797.86	2,461.10	880.03
Add/ (Less) : Provision for Taxation				
- Current Tax		(340.78)	(403.47)	(115.09)
- Deferred Tax (Charge) / Credit		(213.02)	314.51	5.12
- Fringe Benefit Tax		(1.63)	(1.66)	(2.31)
- Wealth Tax		(0.18)	(0.25)	(0.09)
Profit After Tax, Before Minority Interest And Share Of Profit / (Loss) Of Associates		3,242.25	2,370.23	767.66
Add / (Less) :				
Share of Profit / (Loss) from Associate Companies		92.03	(0.88)	(0.76)
Minority Interest		3.35	0.85	0.01
Profit For The Year		3,337.63	2,370.20	766.91
Add / (Less) :				
Balance brought forward from previous year		1,895.43	20.31	460.95
Capitalised towards issue of Bonus Shares		-	-	(52.50)
Amount Available For Appropriation		5,233.06	2,390.51	1,175.36
Appropriations :				
Interim Dividend		-	120.06	-
Tax on Interim Dividend		-	20.40	-
Proposed Dividend		66.70	46.69	100.05
Tax on Proposed Dividend		17.11	7.93	17.00
General Reserve		0.12	300.00	38.00
Debenture Redemption Reserve		-	-	1,000.00
Balance carried to Balance Sheet		5,149.13	1,895.43	20.31
Earning per share of Rs. 10 each (Basic and Diluted) (Refer Note 9) (in Rs.)		50.04	35.54	12.56
Notes forming part of the Accounts	O			



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED
MARCH 31, 2009 AND 2008**

	Rs. in million	
Particulars	2008-09	2007-08
I CASH FLOW ARISING FROM OPERATING ACTIVITIES :		
Net Profit before Tax as per Profit and Loss Account	3,797.86	2,461.10
Add / (Deduct) :		
Interest and Finance Charges	1,402.25	615.37
Project Expenses Written Off	36.20	-
Depreciation and Amortisation	57.13	69.31
Dividend from Current Investments	(4.75)	(22.15)
Profit on Sale of Current Investments	-	(15.44)
Interest Income	(180.70)	(231.28)
Minority Interest (Loss)	3.35	0.85
Provision for doubtful advances	80.59	-
Contractual Interest in projects executed through Associates, etc. amortised	58.51	-
Loss / (Surplus) on Sale / Discardment of Fixed Assets (Net)	29.72	(1.43)
	1,482.30	415.23
Operating Profit before Working Capital Changes	5,280.16	2,876.33
Add / (Deduct) :		
(Increase) in Inventories	(2,773.09)	(2,739.88)
(Increase) / Decrease in Trade and Other Receivables	(1,027.88)	1,453.92
(Increase) in Contractual Interests in Projects executed through Associates, etc.	(455.06)	(321.15)
Increase in Trade Payables	421.78	898.51
Direct Taxes Paid	(313.29)	(351.65)
	(4,147.54)	(3,968.09)
Net Cash Flow in the course of Operating Activities	1,132.62	(1,091.76)
II CASH FLOW ARISING FROM INVESTING ACTIVITIES :		
Inflow / (Outflow) on account of :		
Fixed Assets (Net)	(233.16)	(346.30)
Dividend from Current Investments	4.75	22.15
Profit on Sale of Current Investments	-	15.44
Interest Income	180.70	231.28
(Increase) in Loans and Advances (Including towards Share Application)	(1,201.68)	(1,831.85)
Acquisition of Joint Ventures and Subsidiaries (Net)	(861.20)	(421.70)
Other Long term Investments Acquired (Net)	(100.75)	(1,446.64)
Current Investments Disposed off (Net)	31.05	1,917.20
Net Cash Flow in the course of Investing Activities	(2,180.29)	(1,860.42)
III CASH FLOW ARISING FROM FINANCING ACTIVITIES :		
Inflow / (Outflow) on account of :		
Increase in Secured Loans	2,900.02	2,655.14
Increase/(Decrease) in Unsecured Loans	(729.76)	672.16
Share Application Money	-	95.79
Interest and Finance Charges	(1,402.30)	(613.99)
Dividend Paid	(46.69)	(220.01)
Securities Premium Account	9.98	-
Tax on Dividend Paid	(13.71)	(37.41)
Share Issue Expenses	-	(48.07)
Net Cash Flow in the course of Financing Activities	717.54	2,503.61
Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)	(330.13)	(448.57)



Particulars	2008-09	2007-08
Add: Balance at the beginning of the year	350.08	761.09
Balances acquired on acquisition of Joint Ventures and Subsidiaries	58.14	37.56
Cash and Cash Equivalents at the close of the year	78.09	350.08
<u>Reconciliation of Cash and Bank Balances given in Schedule F, is as follows:-</u>		
Cash and Bank Balances	109.75	402.84
Less: Margin Money Balances	(31.66)	(52.76)
Cash and Cash Equivalents at the close of the year	78.09	350.08

Note: The Accounting Standard AS-21 on 'Consolidated Financial Statements' has become applicable to our Company for the first time for the financial year ending March 31, 2007. Hence previous years figures have not been compiled and disclosed. Further it is not practical to present the consolidated cash flow statements for the years ending March 31, 2006 and March 31, 2007, since the opening balances which are relevant for compilation of cash flows for 2006 – 2007, are not available.

**RECENT DEVELOPMENTS****LIMITED REVIEW REPORT FOR THE QUARTER ENDED JUNE 30, 2009****DALAL & SHAH****Chartered Accountants**

252, Veer Savarkar Marg,
Shivaji Park,
Dadar,
Mumbai – 400 028

DOSHI DOSHI & ASSOCIATES**Chartered Accountants**

203, Sharda Chambers No. 1
31, Keshavji Naik Road
Narsi Natha Street
Mumbai – 400 009

LIMITED REVIEW REPORT**The Board of Directors,
ACKRUTI CITY LIMITED**

We, M/s. Dalal & Shah (D&S) and M/s. Doshi Doshi & Associates (DDA), have jointly reviewed the accompanying statement of Unaudited Consolidated Financial Results of **ACKRUTI CITY LIMITED** (the Company), its subsidiaries, joint ventures and associates (collectively referred to as “the group”), for the three months ended 30th June, 2009. These unaudited consolidated financial results of the group have been prepared by the Company’s Management on the basis of separate interim financial statements and other financial information relating to the subsidiaries, joint ventures and associates, for the period under review. This statement of unaudited consolidated financial results, which has been initialled by us for identification purposes only, has been prepared by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges in India. The statement of unaudited consolidated financial results together with the ‘Notes’ thereto which form an integral part thereof, is the responsibility of the Company’s management and has been approved by its Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

The consolidated financial results incorporate the financial results of (i) one subsidiary and one associate which have been reviewed by D&S; (ii) fourteen subsidiaries, one joint venture and three associates which have been reviewed by DDA; and (iii) three subsidiaries, nine joint ventures and seven associates which have been reviewed by other auditors. Our report on the unaudited consolidated financial results, to the extent they have been derived from such interim financial statements, is based solely on the report of such other auditors.

The consolidated financial results also incorporate the results of a subsidiary, three joint ventures and two associates, the financial statements of which have been compiled by the management but have not been reviewed by auditors.

We conducted our review in accordance with the Standard on Review Engagement (SRE) – 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on the limited review carried out by us, as stated above, **subject to the consequential effect, if any, on account of possible adjustments in respect of the financial statements, that have not been reviewed by auditors**, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared, fairly in all material aspects, in accordance with the applicable Accounting Standards notified pursuant to the Companies (Accounting Standard) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956, and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement, including the manner in which it is to be disclosed, or that it contains any material misstatement.



Further, on the basis of the records made available to us for our verification and the information, explanations and representations made to us by the management, we have to state that, the information relating to the aggregate amount of public shareholdings and the promoter and non-promoter group (both pledged/encumbered and non-encumbered) as disclosed in the aforesaid statement is in accordance therewith.

For and on behalf of
DALAL & SHAH
Chartered Accountants

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.: 37310
Mumbai: 7th August, 2009

VIRAL DOSHI
Partner
Membership No.: 105330



Consolidated unaudited financial results for the first quarter ended June 30, 2009

Rs. in million

Particulars	Quarter ended June 30		Year ended March 31
	2009 Unaudited	2008 Unaudited	2009 Audited
Income	409.40	2,344.20	4,351.60
Net Sales / Income from Operations	409.00	2,343.40	3,970.80
Surplus on sale of Interest in Project	-	-	376.90
Other Operating Income	0.40	0.80	3.90
Expenditure	(59.70)	163.80	309.80
(Increase) / Decrease In Stock In Trade & WIP	(588.90)	(1,418.00)	(4,545.70)
Cost of Construction	376.70	1,465.60	4,185.90
Depreciation & Amortization	11.50	47.10	57.10
Employees Cost	40.40	17.40	148.70
Other Expenditure	100.60	51.70	463.80
Profit from Operations before Other Income, Interest and Exceptional Items	469.10	2,180.40	4,041.80
Other Income	35.00	44.40	207.20
Profit before Interest and Exceptional Items	504.10	2,224.80	4,249.00
Interest and Finance Charges	363.60	296.20	1,402.20
Profit after Interest but before Exceptional Items	140.50	1,928.60	2,846.80
Exceptional Items	-	-	-
Profit (+)/ Loss (-) from Ordinary Activities before Tax	140.50	1,928.60	2,846.80
Tax Expenses	74.20	220.70	294.80
Net Profit (+)/ Loss (-) from Ordinary Activities after Tax	66.30	1,707.90	2,552.00
Extraordinary Items	-	-	-
Net profit for the period	66.30	1,707.90	2,552.00
Goodwill on Acquisition Written off	(5.30)	(0.10)	(0.10)
Pre acquisition Loss	3.10	-	0.10
Minority Interest	0.30	1.70	3.30
Share of Profit /(Loss) from Associates (Net)	35.80	(0.50)	92.00
Consolidated Net Profit	100.20	1,709.00	2,647.30
Paid up Equity Share Capital	667.00	667.00	667.00
Face Value (in Rs)	10.00	10.00	10.00
Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	---	---	9,755.60
Basic & Diluted EPS before Extraordinary items (In Rs)	1.50	25.62	39.69
Basic & Diluted EPS after Extraordinary items (In Rs.)	1.50	25.62	39.69
Public Shareholding – Number of Shares	6,700,000	6,700,000	6,700,000
Percentage of Public Shareholding	10.04	10.04	10.04
Promoters and Promoter Group Shareholding			
Pledged / Encumbered			
Number of Shares	29,323,000		28,588,712
Percentage of Shares (as a % of the total shareholding of Promoter and promoter group)	48.87		47.65
Percentage of Shares (as a % of the total share capital of the Company)	43.96		42.87
Non-encumbered			
Number of Shares	30,677,000		31,411,288
Percentage of Shares (as a % of the total shareholding of Promoter and promoter group)	51.13		52.35
Percentage of Shares (as a % of the total share capital of the Company)	46.00		47.90



Notes:

1. The above consolidated results were reviewed by the Audit Committee and thereafter approved by the Board of Directors at their respective meetings held on August 07, 2009. The Statutory Auditors have carried out a limited review of the Unaudited Consolidated Financial Results for the first quarter ended June 30, 2009. The consolidated financial results are submitted to the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) and made available on the Company's website – www.ackrutcitiy.com and on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com). The Company has already published its standalone results, which were reviewed by the Audit Committee and thereafter approved by the Board of Directors at their respective meetings held on July 29, 2009.

2. The revenue recognition policy presently followed by the Company is that, the revenue from sale of incomplete projects is currently recognized on the basis of percentage of completion method, determined on the basis of physical proportion of the work completed, as certified by the Company's technical personnel, in relation to a contract or a group of contracts within a project, only after the work has progressed to the extent of 40% of the total work involved.

At the meeting of the Audit and Compliance Committee of the Directors of the Company held on July 29, 2009 to consider the Unaudited Standalone Financial Results for the First Quarter ended June 30, 2009, the Audit and Compliance Committee has recommended to realign the Revenue Recognition norms for its percentage of completion method based with those norms that are generally followed in the Industry so as to make the financial results comparable.

The Board, on recommendation of the Audit and Compliance Committee of the Directors of the Company, has decided that the revenue recognition policy presently followed by the Company be changed by the Company such that going forward from the Second Quarter of the current financial year, revenue from sale of incomplete projects be recognized in stages upon incurring of 25% of the project cost and upon receipt of 10% of unit sale consideration.

3. During the quarter under review (i) Akruti Campus of Research and Education Pvt Ltd, Akruti City Farming Pvt Ltd, Akruti City Knowledge Pvt Ltd, Akruti City Venture Capital Pvt Ltd, Akruti City Venture Capital Management Pvt Ltd, Akruti Guestline Pvt Ltd, Akruti Security Plates Pvt Ltd, Citygold Education Research Ltd, Citygold Farming Pvt Ltd, Harmony Erectors Pvt Ltd and Oracle Shelters Pvt Ltd became subsidiaries of the Company; and (ii) Agreeem Properties Ltd ceased to be a subsidiary and has now become an associate.
4. The consolidated financial results have been prepared in accordance with Accounting Standards AS - 21 "Accounting Standards on Consolidated Financial Statements"; AS - 27 'Financial Reporting of Interests in Joint Ventures'; and AS - 23 'Accounting for Investments in Associates in Consolidated Financial Statements'.

The Company operates in the business of real estate development which as per Accounting Standard AS - 17 is presently the only reportable business segment. The Company is primarily operating in India which is considered as a single geographical segment. The consolidated financial results incorporate the results of subsidiaries, joint ventures and associates, including Akruti Warehousing Ltd (AWL) and Akruti Security Plates Pvt Ltd (ASPPL), both subsidiaries of the Company which are yet to commence commercial operations. The operations of these subsidiaries would fall within segments separate from the existing one of builders and developers. However, consolidated segment information would be given once AWL and ASPPL commence operations. The consolidated financial results also incorporate the results of a subsidiary, three joint ventures and two associates, the financial statements of which have been compiled by the management but have not been reviewed by the respective auditors. The incorporated revenues and net results of these entities are not material.

5. Inventory carrying costs include interest and other finance charges as per the principles of Accounting Standard AS-16 (Borrowing Costs).



6. Status of investors' complaints for the quarter ended June 30, 2009 :
Opening : Nil ; Received : 6 ; Resolved : 6 ; Closing : Nil.
7. Figures of the previous period / year, have been regrouped / reclassified, wherever necessary, to conform to those of the current period.



RISK FACTORS

Investment in Equity Shares of our Company involves a high degree of risk. Investors should carefully consider the risks described below before making an investment decision. If any of the risks described below actually occur, our Company's business, results of operations and financial condition may be adversely affected, the trading price of our Equity Shares may decline and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors below, the financial implications of any of the risks mentioned below may not be possible to quantify. The risks enumerated herein below are not exhaustive. We may be subject to several other risks, some of which may not be presently known to us. Any one or more risks not enumerated herein below, if they occur, may have a material adverse impact on our Company's business, results of operations and financial condition. The Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Placement Document. Prospective Investors should pay particular attention to the fact that we are an Indian company and are subject to a legal and regulatory environment which may differ in certain respects from that of other countries. Prior to making an investment decision, prospective investors and purchasers should carefully consider all of the information contained in the Placement Document (including the financial statements incorporated in the Placement Document).

RISKS RELATED TO OUR COMPANY

We are dependent on the performance of, and prevailing conditions affecting, the real estate market in Mumbai and other areas where we propose to develop our projects.

Historically, we have focused our real estate development activities in and around the city of Mumbai, India, and have recently forayed into other cities in Western India. To date, all of our completed real estate developments and the majority of our projects under development are located in and around Mumbai and Pune. As a result, our business, prospects, results of operations and financial condition have been and will continue to be heavily dependent on the performance of, and prevailing conditions affecting, the real estate market in Western India in general, and Mumbai in particular.

The real estate market in Mumbai and surrounding areas may perform differently from, and be subject to market and regulatory developments different from, real estate markets in other cities or areas in India. We cannot assure you that the demand for our real estate developments in Mumbai will continue to grow, or will not decrease, in the future. The real estate market in Mumbai may be affected by various factors outside our control, including prevailing local economic conditions, changes in the supply of and demand for properties comparable to those we develop, and changes in applicable governmental schemes including those relating to slum rehabilitation in Mumbai. These and other factors may contribute to changes in real estate prices and the availability of land in Mumbai, and may adversely affect our business, prospects, results of operations and financial condition. We have recently expanded into other cities, including Surat, Vadodara and Jaipur, where we do not have prior experience of executing and selling projects in these areas. The real estate market in these cities may be affected by factors similar to those that may affect the real estate market in Mumbai and other factors beyond our control, which may adversely affect our business, prospects, results of operations and financial condition.

Our ability to obtain suitable development sites and generate revenues could be adversely affected by any changes to the slum rehabilitation schemes currently in effect in Mumbai.

Of the nearly 9.34 million square feet of building area that we have developed to date, approximately 6.51 million square feet, or 70%, has been developed on land over which we obtained development rights through our participation in slum rehabilitation projects in Mumbai. To date we have constructed over 10,000 units in Mumbai to house slum dwellers.

Our slum rehabilitation projects are developed pursuant to the Slum Rehabilitation Scheme contained in the Development Control Regulations for Greater Bombay, 1991 (the "DCR") promulgated by the MCGM exercising its powers under the Maharashtra Regional and Town Planning Act, 1966 (the "Town Planning Act"). In consideration for the construction of units for slum dwellers, we receive development rights for land in the



cleared former slums, or transferable development rights ("TDRs") for the construction of buildings elsewhere in Mumbai that we may use in connection with our other projects or may sell to third parties. Our ability to obtain suitable building sites for our projects in Mumbai in the future, and our cost of acquiring development rights over such sites, could be adversely affected by any changes to the Slum Rehabilitation Scheme, the DCR, the Town Planning Act, any other regulations governing such matters or any changes in their interpretation or implementation. If the slum rehabilitation schemes in effect in Mumbai were to significantly change or be terminated, we may be required to purchase developable land from third parties at significantly increased cost, and may not be able to acquire development rights over sufficient suitable land at acceptable cost for our future development projects.

Our revenues could be adversely affected by changes in the TDR regime in Mumbai.

We and other developers are subject to municipal planning and land use regulations in effect in the Mumbai area which limit the maximum square footage of completed building we may construct on plots to specified amounts, calculated as a ratio to the land surface of each plot. In place of development rights over cleared former slum land, we also sometimes receive TDRs as compensation for our development of permanent housing for slum dwellers. TDRs permit developers to use development rights generated elsewhere in the event that the applicable planning and land use regulations for a particular plot do not allow full utilization of the generated development rights. We own TDRs which we have acquired as a result of our involvement in slum rehabilitation projects. In the past, we have derived revenues from sales of TDRs to third parties. Use of TDRs is subject to various rules, regulations and conditions, which may be modified by the government from time to time. For example, in Mumbai, TDR's can be utilized by the buyer only in areas that are north of the slum land where the TDRs are generated. However, if the regulations were changed to disallow the sale or utilisation of TDRs, and/or planning and land use regulations in Mumbai were to be significantly relaxed or terminated so as to permit additional building square footage to be constructed on existing plots, the TDRs we hold, or might hold in future, may become less valuable and we may not derive significant value from their sale in the future, which might affect our results of operations and financial condition.

We recognize revenue based on the 'Percentage of Completion Method' of accounting on the basis of our management's estimates of the project cost. Our revenues may fluctuate significantly from period to period.

We recognize the revenue generated from our residential and commercial projects on the 'Percentage of Completion Method' of accounting. Under this method, sale revenue is recognized on the basis of the cost of the percentage of the physical proportion of work completed, as certified by our Company's technical personnel, against the total estimated cost of construction of the project. We cannot assure you that these estimates will match with the actual cost incurred in respect of these projects. The effect of changes to estimates is recognized in the financial statements of the period in which such changes are determined. Therefore, our revenue recognition is based on the number of projects that qualify for such revenue recognition that are under execution during a particular period. This may lead to significant fluctuations in our revenues from period to period.

Prior to July 1, 2009, we recognized sale revenue under the 'Percentage of Completion Method' of accounting only if the cost of the physical proportion of work completed on the last date of the financial statements was at least 40% of the total construction cost of the project as estimated by the management. From July 1, 2009, we have recognized sale revenue under the 'Percentage of Completion Method' of accounting only if the actual cost of the physical proportion of work completed on the last date of the financial statements is at least 25% of the total construction cost of the project as estimated by the management and upon receipt of 10% of unit sales. The change to our 'Percentage of Completion Method' accounting policy will result in a change in the presentation of the effects of transactions on our financial statements. In particular, such change may result in sale revenue being recognized earlier in the life of a project under the method in effect from July 1, 2009 in comparison than when recognized in the life of a project under the method in effect prior to July 1, 2009. This may have a significant impact on the amount of revenue recognized for a particular project in a particular quarter even if the total amount of revenue recognized for such project would have been the same under either method.

In the event of any change in law or Indian GAAP that requires a change in the method of revenue recognition, the financial results of our operations may be adversely affected. For the details of the method of revenue recognition, see the paragraph titled Significant Accounting Policies – Revenue Recognition in the section entitled "Management's Discussion and Analysis of Financial Conditions and Results of Operations".



Our title and development rights over land may be subject to various legal defects and the uncertainty in the title to our real estate assets could have a material adverse impact on our current and future revenue.

A sizeable portion of our existing land reserves consists of land occupied by slums and/or land belonging to the Government or other statutory authorities. The title to our existing land reserves and land for which we seek to obtain development rights that does not belong to the Government or the statutory authorities (i.e. land for development other than pursuant to SRS and PPP Projects) may be fragmented and the land, in many cases, may have multiple owners. Additionally, some of our projects are being executed through joint ventures in collaboration with third parties. In some of these projects, the title to the land may be owned by one or more of such third parties. In such instances, there can be no assurance that the persons with whom we enter into joint ventures or collaboration agreements have clear title to such land.

Also, our title and development rights over land are subject to various title-related legal defects that we may not be able to fully identify, resolve or assess. While we seek to retain local lawyers to issue legal opinions confirming our title to lands in connection with our purchase of land from third parties, our rights in respect of these lands may be compromised by improperly executed, unregistered or insufficiently stamped conveyance instruments in the property's chain of title, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of spouses or other family members of prior owners, or other title defects that we may not be aware of. Such or other title defects may result in our loss of title or development rights over land, and the cancellation of our development plans in respect of such land, thereby negatively impacting our business and financial condition. Our failure to obtain good title to a particular plot of land may materially prejudice the success of a development for which that plot is a critical part, and may cause us to write off substantial expenditures in respect of a project.

We also face various practical difficulties in verifying the title of a prospective seller or lessor of property. Indian law, for example, recognises the ability of persons to effectuate a valid mortgage on an unregistered basis by the physical delivery of original title documents to a lender. Adverse possession under Indian law also gives rise upon 12 years occupation to valid ownership rights as against all parties, including government entities that are landowners, without the requirement of registration of ownership rights by the adverse possessor. Furthermore, under Indian law, a married person retains property rights in land alienated by their spouse if such married person has not consented to such alienation, effectively requiring consent by each spouse to all land transfers in order for a transferee to receive good title. In addition, Indian law recognises the concept of a Hindu Undivided Family, whereby all family members jointly own land and must consent to its transfer, including minor children, absent whose consent a land transfer may be challenged by such non-consenting family member. Our title to land may be defective as a result of a failure on our part, or on the part of a prior transferee, to obtain the consent of all such persons. As each transfer in a chain of title may be subject to these and other various defects, our title and development rights over land may be subject to various defects, of which we may not be aware. We may face claims of third parties to ownership or use of the land after purchasing or obtaining development rights in respect of land, and where disputes can not be resolved through accommodations with such claimants, we may lose our interest in the land. Multiple property registries exist, and verification of title is difficult.

Further, property records in India have not been fully computerised and are generally maintained manually with physical records of all land related documents, which are also manually updated. This updating process can take a significant amount of time and can result in inaccuracies or errors and increase the difficulty of obtaining property records and/or materially impact our ability to rely on them. As a result, the title of the real property in which we may invest may not be clear or may be in doubt.

Legal disputes arising in respect of land title can take several years and considerable expense to resolve if they become the subject of legal proceedings and their outcome can be uncertain. Under Indian law, a title document generally is not effective, nor may be admitted as evidence in court, unless it has been registered with the applicable land registry and applicable stamp duty has been paid in respect of such title document. The failure of prior landowners to comply with such requirements may result in our failing to have acquired valid title or development rights. Further, there are also requirements to cancel the title in revenue records, and failure to do so may also lead to an imperfect title and challenges to title.



In addition to exposing us to legal disputes, the uncertainty of title to land may make the acquisition and development process more complicated, impede transfer of title and adversely affect our valuations, which in turn may have a material adverse effect on our business, results of operations and financial condition.

Prospective investors should note that in connection with the Issue, the Domestic Legal Counsel to the Company, Domestic Legal Counsel to the GC-BRLM and Co-Manager or the GC-BRLM and Co-Manager have not provided any opinions or other assurances in respect of land title.

We have not yet obtained title certificates for some of our properties. Further, the title certificates received by us in respect of certain properties do not provide absolute confirmation of our title to, or development rights in respect of, such properties.

We have not yet obtained title certificates from local lawyers in respect of some parcels of land on which we intend to develop portions of projects that are under construction or that are planned as future projects. Title certificates prepared and delivered by local lawyers who are generally knowledgeable with respect to local land records provide us with additional comfort regarding our Company's title to such parcels or its development rights with respect to such parcels. Further, title certificates delivered to our Company for some properties may not provide absolute confirmation of or title to, or development rights in respect of, such properties for various reasons, including, among other things, (i) the local lawyers not having full access to local land records; (ii) objections raised to public notices issued by local lawyers in respect of the relevant properties, (iii) pending litigation with respect to such properties; and (iv) the existence of agreements entered into with municipal/local authorities in respect of such properties. In addition, certain title certificates are issued in the form of opinions, findings, or investigation reports instead of in the form of title certificates. For these reasons we cannot assume that title certificates conclusively confirm our title to, or development rights in, properties for which we have received such title certificates. Any uncertainty with respect to title to property or development rights to property may expose us to legal disputes, may make the development process more complicated, impede transfer of title and adversely affect our valuations, which in turn may have a material adverse effect on our business, results of operations and financial condition.

We may not be able to acquire or register all or any of the lands for which we have entered into MOUs.

We enter into MOUs for some of the properties that we acquire prior to acquiring such properties. We cannot assure you that such lands will be conveyed to us, that we will be successful in acquiring them or that we will be successful in registering them in the name of our Company or in the name of our Subsidiaries, Associates, Joint Ventures and Partnerships among others. We also cannot assure you that these lands will be acquired at the prices set forth in the respective MOUs. In some instances, price increases may even cause us to be unable to acquire these lands. Any such development could affect our business, prospects, results of operations and financial condition.

We are not able to obtain title insurance guaranteeing title or land development rights. While we follow due diligence procedures in relation to land acquisition, we cannot assure that such procedures would lead to acquisition of a defect-free title.

Title insurance is not commercially available in India to guarantee title or land development rights in respect of land. The difficulty of obtaining title insurance in India means that title records provide only for presumptive rather than guaranteed title, and that we face uninsured risk of loss of lands we believe we own interests in or have development rights over.

Prior to undertaking each project, we conduct due diligence and assessment exercises in relation to ownership of the property to be developed. Once we have identified a plot which may be suitable for development, we, together with our local lawyers, conduct title searches and due diligence investigations in respect of land we desire to develop, including a review of land ownership records, and publish a notice in newspapers and an official publication requesting any persons claiming ownership of the land to state their claims. We also seek to retain local lawyers to issue legal opinions confirming our interests in lands in connection with our purchase of land from third parties. In spite of such efforts, we can provide no assurance that we have valid title or rights in respect of all of the land we believe we own or have development rights over and are unable to insure against such risk.



A lack of title insurance, coupled with difficulties in verifying title to land, may increase our exposure to third parties claiming title to the property. This could result in a delay in us selling the property or even a loss of title to the property, affect valuations of the property, or otherwise materially prejudice the development of the property which could in turn have an adverse effect on our business, results of operations and financial condition.

We may not be successful in identifying suitable projects, which may hinder its growth.

Our ability to identify suitable projects is fundamental to our business and involves certain risks including identifying and acquiring appropriate land, appealing to the tastes and price points of our residential and commercial customers, and understanding and responding to their expectations and demands by anticipating the changing trends.

Further, in identifying new SEZ projects, we need to take into account land use regulations, the availability and commitment from the State government to provide off site infrastructure, the requirement for suitable rehabilitation of project affected persons, the land's proximity to resources such as water and electricity, the target sectors, expectations of its SEZ customers in relation to the infrastructure and amenities to be provided as also their perception of the State.

We cannot assure that our Company would be successful in identifying suitable projects that meet market demand in the future. If we fail to anticipate and respond to consumer requirements, we could lose potential clients to competitors, and be involved with loss making, unviable, unsaleable or unprofitable projects. If the costs for rehabilitation are higher than the estimated costs, our profitability may be adversely impacted. Any failure to identify suitable projects, build or develop saleable properties or anticipate and respond to customer demand in a timely manner could have an adverse effect on our business, results of operations and financial condition.

Our business is dependent on the availability of real estate financing in India. Difficult conditions in the global capital markets and the economy generally have affected and may continue to materially adversely affect our business and results of operations and may cause us to experience limited availability of funds.

The real estate market is significantly affected by changes in government policies, economic conditions, demographic trends, employment and income levels and interest rates, among other factors. Economic developments outside India have adversely affected the property market in India and the Company's overall business. Since the last two years, the global credit markets have experienced, and may continue to experience, significant dislocations and liquidity disruptions, which have originated from the liquidity disruptions in the United States and the European Union credit and sub-prime residential mortgage markets. These and other related events, such as the recent collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India. The deterioration in the financial markets has heralded a recession/deceleration in growth in many countries (including India), which has led to significant declines in employment, household wealth, consumer demand and lending and as a result affected economic growth in India and elsewhere.

On account of the prevailing conditions of the global and Indian credit markets, and the negative impact expected from below-normal monsoons, it is expected that the buyers of property will remain cautious, rentals of commercial properties are expected to continue to face downward pressure and consumer sentiment and market spending are expected to continue to be cautious in the near-term. These factors could have a series of effects on our business, which may adversely affect the results of our operations and future growth or otherwise decrease revenue generated from some or all of our residential, commercial or retail businesses. These effects include, but are not limited to, decreases in the sales of, or market rates for, the residential development projects; delays in the release of certain of the residential projects in order to take advantage of future periods of more robust real estate demand; decreases in rental or occupancy rates for the commercial or retail properties; insolvency of key contractors resulting in construction delays; insolvency of key tenants in the commercial and retail properties; inability of customers to obtain credit to finance purchase of our properties and/or customer insolvencies. In addition, changes in the global and Indian credit and financial markets have recently significantly diminished the availability of credit and led to an increase in the cost of financing, both for the developers and for the buyers. We may have difficulty accessing the financial markets, which could make it



more difficult or expensive to obtain funding in the future. There can be no assurance that we will be able to raise finance at a reasonable cost.

Our Promoters have pledged Equity Shares of our Company as security/additional security under various financing documents. In the event of any defaults under the financing documents, the lenders may sell the pledged Equity Shares in the open market resulting in a substantial reduction of the Promoters' shareholding, which may result in a change of control of the Company and could affect the trading price of the Equity Shares.

As on August 07, 2009, our Promoters/promoter group have pledged 29,748,000 Equity Shares in our Company, which amounts to approximately 50% of the holding of our Promoters and promoter group, as security for various loans/credit facilities received from banks and financial institutions. Of these, a significant portion of the shares have been pledged as security / additional security / collateral security for the loans taken by the Ackruti Group for various projects. Given that a substantial portion of the shareholding of the Promoters has been pledged to banks and financial institutions, if there is any default under the financing documents, or if the Equity Shares of our Company go below a certain pre-determined threshold limit and our Company is unable to provide suitable additional security, margin calls would be triggered, the pledgee(s) could call for additional security, or they may sell the Equity Shares pledged to them in the open market, thereby reducing the shareholding of our Promoters. In the event there is a substantial sale of Equity Shares in the open market by any pledgee(s), it may lead to further reduction in the market price, which may trigger sales by further pledgee(s) and may lead to loss of control of our Promoters on our Company. The interests of the new promoters, if any, may not be aligned with or could conflict with the interests of other shareholders and this may adversely affect our operations.

The Takeover Code and the Listing Agreement have been amended in 2009 to provide for disclosure of pledged (in case of Takeover Code)/ encumbered (in case of Listing Agreement) shares held by promoters. The Takeover Code requires disclosure in case of pledge and release of pledge of promoters and promoter group, while the Listing Agreement requires disclosure of encumbrances on promoter and promoter group shareholding on a quarterly basis with the financial statements. Disclosures in the public domain of further pledge(s) or sale of pledged Equity Shares would have a negative impact on public perception regarding our Company and consequently the price of its Equity Shares.

Our statements as to areas under development are based on management estimates and have not been independently appraised.

The acreage and square footage data presented in the Placement Document are essentially forward looking statements based on management estimates and have not been independently appraised. Further, the acreage and square footage actually developed or under development may differ materially and substantially from the amounts presented herein, based on various factors (including those beyond our control) such as market conditions, changes in development plans, in building norms, changes in municipal or local regulations, title defects and any inability to obtain necessary regulatory approvals. Accordingly, reliance on such data should be limited.

Our Company may undertake projects jointly with third parties, which entail certain risks.

Certain of our projects may also consist of joint ventures or may be undertaken in collaboration with third parties. In projects of such nature, the title to the land may be owned by one or more of these third parties and we, by virtue of the development or collaboration agreements, acquire development rights to the land. Most of these collaboration agreements confer rights on us to construct, develop, market and sell the built-up area to third party buyers. Such collaboration agreements do not convey any interest in the immovable property (the land or the building) to us and only the development right is transferred to us.

Investments through joint ventures also involve risks, including the possibility that our joint venture partners may fail to meet their financial or other obligations, causing the whole project to suffer. In relation to any project, which involves collaboration with third parties, we cannot assure you that these projects will be completed as scheduled or that our relations with these parties will be successful. Further, our joint venture partners may have business interests or goals that are inconsistent with our business interests or goals. Disputes that may arise between us and our joint venture partners may cause delay in completion, suspension or complete



abandonment of the project. This may have a material adverse impact on our business, results of operations and financial condition. For details on projects developed under joint venture with third parties, please see "Business Overview".

Our Company and its Subsidiaries have entered into partnerships that are subject to unlimited liability under the provisions of the Indian Partnership Act, 1932.

Under the Indian Partnership Act, 1932, (the "Partnership Act") all partners of a general partnership have unlimited liability in respect of all the liabilities of such partnership. Consequently, our Company and each Subsidiary that has entered into a general partnership is subject to unlimited liability in respect of each general partnership into which it has entered. As of July 31, 2009, our Company and / or its Subsidiaries are a partner in various partnerships. Our unlimited liability in respect of one or more of these partnerships could result in us incurring actual liabilities to an extent that materially and adversely affects our financial condition and results of operations.

Some of our partnerships are partnerships-at-will that may be dissolved at any time by another partner, which could materially affect the successful completion of the projects for which we have entered into such partnership.

Some of the partnerships we have entered into are partnerships-at-will under the Partnership Act. Partnerships-at-will may be dissolved at any time by any partner. In the event any of our partnerships-at-will is dissolved prior to completion of the relevant project, the completion of such project may be adversely affected, which in turn may adversely affect the results of operations and financial condition of our Company.

We have not yet entered into a formal contractual arrangement with the Gujarat State Road Transport Corporation ("GSRTC") for certain real estate projects located in Gujarat.

Some of our prospective commercial real estate projects involve the redevelopment of five bus terminals in certain cities in Gujarat. These projects would be undertaken on a Public Private Partnership ("PPP") basis with the GSRTC. Currently, however, the commercial terms of the PPPs with the GSRTC in respect of these projects are being renegotiated as a result of the downturn in the real estate market. The GSRTC has not yet issued to us a formal notice in respect of revised terms for these PPPs, but we expect formal notices to be issued to us in the near future. However, there can be no assurance that we will be issued any such formal notices entitling us to proceed with these projects. If we do not receive one or more of such formal notices, our results of operation and financial condition may be adversely affected.

We are required to pay a refundable and/or a non-refundable deposit on a per acre basis, in relation to our joint development agreements to the owner(s) of the land.

We enter into joint development agreements with various third parties that require us to obtain consents from the relevant statutory bodies to pursue the underlying projects. Under these agreements, we are required to complete the construction within a specified time frame. Further, we are required to provide the owners of the land with a refundable deposit and a non-refundable deposit per acre of the land. Under the joint development agreement, we are also required to indemnify such parties with whom we have joint development agreements with respect to the area developed by us. We cannot always confirm on a timely basis that the third parties with whom we enter into joint development agreements have clear and valid title. In the event that the title to such land is not clear and valid, we may not be able to develop such lands. We may also not be able to recover the refundable deposits made by us to the owners of the land, in addition to loss of non-refundable deposits. This could have a material adverse impact on our business prospects, financial condition or results of operations.

It is difficult to predict our future performance, or compare our historical performance between periods, as our revenue fluctuates significantly from period to period.

Under the percentage of completion method of revenue recognition, our revenue from sales depends upon the volume of bookings we are able to obtain for our developments as well as the rate of progress of construction of our projects. Our bookings depend on our ability to market and pre-sell our projects and the willingness of our customers to pay for developments or enter into sale agreements well in advance of receiving possession of the properties. Construction progress depends on various factors, including the availability of labour and raw



materials, the prompt receipt of regulatory clearances and the absence of contingencies such as litigation and adverse weather conditions. The occurrence of any such contingencies could cause our revenues and profits to fluctuate significantly. We also derive some recurring revenues from rental income in respect of our commercial real estate developments, and recognise revenues from generating FSI in slum rehabilitation buildings. In certain periods we also derive revenue from the sale by us or our joint ventures of TDRs. We complete differing numbers of projects in each period, and cannot predict with certainty the rate of progress of construction or time of the completion of our real estate developments due to lags in development timetables occasionally caused by unforeseen circumstances. We also cannot predict when we may acquire or sell TDRs, which depends on market conditions. Our results of operations may also fluctuate from period to period due to a combination of other factors beyond our control, including the timing during each year of the sale or rental of properties that we have developed, and any volatility in expenses such as land acquisition and construction costs. Depending on our operating results in one or more periods, we may experience cash flow problems and difficulties in servicing our outstanding indebtedness, thereby resulting in our business, financial condition and results of operations being adversely affected. Such fluctuations may also adversely affect our ability to fund future projects. As a result of one or more of these factors, we may record significant turnover or profits during one accounting period and significantly lower turnover or profits during prior or subsequent accounting periods. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indicative of our future performance.

We have negative cash flows.

We had net decreases in cash and cash equivalents of Rs. 448.57 million and Rs. 330.13 million in the years ended March 31, 2008 and 2009, respectively. During fiscal year 2009 our Company continued its development activities and invested the available cash flows in completing our projects and building our inventory. Further, we had a significant increase in sundry debtors from Rs. 45.41 million as of March 31, 2008 to Rs. 4,517.39 million as of March 31, 2009. As of March 31, 2009, approximately 98.04% of these sundry debtors were outstanding for a period exceeding six months. As such, realisation of receivables for projects sold during the year has been relatively slow which has affected our cash flow significantly during the fiscal year 2009. Further, realisation of receivables for the projects sold during the year has been relatively slow, due to the slowdown in the economy and global credit crises, thereby affecting our cash flows during the year. For further details, please refer section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Placement Document.

Our ability to make scheduled payments due on our current and anticipated debt obligations and to fund planned capital expenditures and development efforts will depend on our ability to generate cash in the future. We will require timely completion of projects under development and future projects and generation of operating cash flow from such projects as well as from already completed projects to service our indebtedness. Our ability to generate cash to service our debt is subject to a range of economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control. If we do not generate sufficient cash flow from operations in the future to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing or restructuring would be possible, that any assets could be sold, or, if sold, of the timing of the sales or the amount of proceeds that would be realized from those sales. We cannot assure you that additional financing could be obtained on acceptable terms, or at all, or would be permitted under the terms of our various debt instruments then in effect.

Our failure to generate sufficient cash flow to service or satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, would have an adverse effect on our business, financial condition and results of operations.

Some of our Company's financing documents require our Company to obtain consents from our lenders for undertaking the Issue, some of which have not been obtained as of the date hereof.

Under the terms of some of our financing documents, we require consent from our lenders to undertake the Issue. As of the date hereof, we have sought consents from our lenders for the Issue, however, we have not received consents from all such lenders.



Undertaking the Issue without lender consents may constitute a default by us under the relevant financing documents and may entitle the respective lenders to call a default against our Company and to enforce remedies under the terms of the financing documents, that include, inter alia acceleration of repayment of the amounts outstanding under the financing documents, enforcement of the security interest created under the financing documents, and taking possession of the assets given as security in respect of the financing documents. A default by our Company under the terms of any financing document will also trigger a cross-default under some of the other financing documents of our Company, or any other agreements or instruments of our Company containing a cross default provision and which may individually or in aggregate, have a material adverse effect on our Company's operations, financial position and credit rating. Also, we may have to dedicate a substantial portion of our cash flow from operations to make payments under the financing documents, thereby reducing the availability of our Company's cash flow to fund capital expenditures, meet working capital requirements and use for other general corporate purposes. Such defaults may also result in a decline in the trading price of the Shares and you may lose all or part of your investment. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay our debts as they fall due.

We have been the subject of an inspection under the provisions of Section 209A of the Companies Act.

The office of the Regional Director, Ministry of Corporate Affairs conducted an inspection of our books of accounts and other records pursuant to Section 209A of the Companies Act during April 2009. We have submitted information sought during the inspection and have not received any further communication in this regard. Typically, under applicable legal provisions, if any instance(s) of non-compliance are alleged as the result of such an inspection, a show cause notice is issued, which is evaluated for further proceedings (if any, in the form of compounding/penalty/prosecution).

Our inability to procure contiguous parcels of land may affect its future development activities.

We acquire parcels of land and development rights over parcels of land in various locations from various landholders, over a period of time, for future development. These parcels of land are subsequently consolidated to form a contiguous land mass, upon which we undertake development. In the past, we have not experienced any difficulty procuring such parcels of land and consolidating them. However, we may not be able to procure such parcels of land at all or on terms that are acceptable to it, which may affect our ability to consolidate parcels of land into a contiguous mass. Failure to acquire such parcels of land may cause delays or force us to abandon or modify development of the land in such locations, which may result in us failing to realise our investment for acquiring such parcels of land, or may force us to consider selling the land at a price which would be considerably lower than our expected price. Accordingly, our inability to procure contiguous parcels of land may adversely affect our business, results of operations, financial condition and prospects.

Our business is subject to extensive Government regulation and risk of adverse Government action.

The real estate industry in India is heavily regulated by the GoI, State governments and local authorities. Property developers need to comply with a number of requirements mandated by Indian laws and regulations, including policies and procedures established by local authorities such as the requirement for transaction documents, payment of stamp duty and registration of property documents. We are also subject to various land ceiling legislations that regulate the amount of land that can be held under single ownership. Additionally, in order to develop and complete a real estate project, our Company, either through the developers, architects or contractors, is required to obtain various approvals, permits and licences from the relevant administrative authorities at various stages of project development. The approvals, permits and licenses to be obtained varies on a case by case basis and on whether such project is being undertaken under the SRS, as a Public Private Partnership or as a non-SRS, non-Public Private Partnership project.

In respect of SRS projects, a letter of intent, layout approval, intimation of approval/ disapproval, commencement certificates, further commencement certificate and occupancy certificate for the buildings are to be issued by the Slum Rehabilitation Authority.

Further, in respect of non-SRS projects, an intimation of approval/disapproval, commencement certificates, further commencement certificates and occupancy certificate for the buildings are to be obtained from the designated sanctioning authority (for example, Municipal Corporation of Greater Mumbai or Maharashtra



Housing and Development Authority) of the area where the building is to be constructed or by any other authority from which an approval is to be obtained under the applicable local and national rules and regulations.

Further, depending on the type and / or location of the project, various no-objection certificates are required to be obtained from various authorities, including certificate from the chief fire officer, municipal corporations, Pollution Control Board, Airport Authority of India, Ministry of Tourism and Ministry of Environment and Forests.

We generally apply for renewals of such approvals, permits and licenses prior to or upon their expiry. However, we may encounter problems in obtaining the requisite approvals, permits and licenses, may experience delays in fulfilling the conditions precedent to any such approvals and we may not be able to adapt ourselves to new laws, regulations or policies that may come into effect from time to time with respect to the real estate sector. There may also be delays in obtaining requisite approvals. Further, some of these approvals and permissions are subject to certain conditions, both conditions precedent and conditions subsequent, and there can be no assurance that such conditions would be fulfilled. There may also be delays on the part of administrative bodies in reviewing applications and granting approvals.

Further, there can be no assurance that we will obtain all approvals, permits and licenses, that we may require in the future, or receive renewals of existing or future approvals, permits and licenses in the time frame required for our operations, or at all, or succeed in complying with all or any of the conditions thereof, which could adversely affect our business. If we experience material problems in obtaining or fail to obtain the requisite governmental approvals, the schedule of development and sale or letting of our projects could be substantially disrupted. There could be instances of non-compliances in respect of our projects, or regulatory authorities could allege non-compliance, which may subject us to regulatory action in the future, including penalties, seizure of land, stoppage of work and other legal proceedings.

Further, there have also been public statements regarding the appointment of a regulatory body to regulate the developers in the real estate sector. While such regulatory body has not yet been appointed, the powers and responsibilities of such body are not currently known, and hence the impact of the same on real estate developers in general and our Company in particular cannot be ascertained at this point of time.

We may experience difficulties in expanding our business into additional geographic markets within India.

We have already commenced the process of acquiring land and development rights in Mumbai, Pune, Surat, Jaipur and Bengaluru for future projects and have made partial payments for many of these lands. We also are currently evaluating the acquisition of land or development rights in other cities where we see significant growth potential, such as Ahmedabad. We have limited experience in conducting business outside Mumbai, have not previously completed any real estate development projects outside of the Mumbai area (except for Phase I of the DLF Pune IT Park), and may not be able to leverage our experience in Mumbai to expand into other cities.

The level of competition, culture, regulatory practices, business practices and customs, cost structures, customer tastes, behaviour and preferences and expected sale prices in these cities where we plan to expand our operations may differ in material respects from those in Mumbai, and our experience in Mumbai may not be applicable to these cities. In addition, as we enter new markets and geographical areas, we are likely to compete with local developers who have an established local presence, are more familiar with local regulations, business practices and customs, and have stronger relationships with local contractors and/or relevant government authorities, all of which may give them a competitive advantage over us.

In expanding our business into additional geographic markets within India, our business will be exposed to various additional challenges, including:

- seeking governmental approvals from government agencies with which we have no previous working relationship;
- identifying and collaborating with local business partners, construction contractors and suppliers with whom we may have no previous working relationship;
- identifying and obtaining development rights over suitable properties;
- successfully gauging market conditions in local real estate markets with which we have no previous familiarity;
- attracting potential customers in a market in which we do not have significant experience;



- local taxation in additional geographic areas of India; and
- adapting our marketing materials and operations to different regions of India in which other languages are spoken.

We can provide no assurance that we will be successful in expanding our business to include other markets in India. Any failure by us to successfully carry out our plan to geographically diversify our business could have a material adverse effect on our revenues, earnings and financial condition and would result in our Company remaining dependent on the Mumbai real estate market for our business, constraining our long term growth and prospects.

We may pursue new kinds of projects, which may involve different skills, resources and regulatory issues than our traditional projects.

We have until recently focused primarily on residential, commercial and retail projects, IT parks and car parks. In the future, we plan to expand the range of projects in which we shall engage to include townships, hotels and serviced apartments. In addition, we plan to undertake the redevelopment of five bus terminals in certain cities in Gujarat on a PPP basis with the GSRTC.

Each of these new types of projects may involve different risks, many of which may be new to us, and may require different resources than those associated with our traditional project mix, not all of which we may have at our disposal. These new types of projects may require knowledge of different sorts of businesses, laws, regulations, customers, suppliers and markets. Finally, these new types of projects may offer commercial rewards on timeframes or other bases that are not beneficial to us. There can be no assurance that, to the extent we develop any of these new types of projects, we will succeed in their development, and there can be no assurance that we will not suffer from the redirection of resources away from the types of projects we know better. Either of these outcomes could adversely affect our results and business.

Certain types of risks may not be covered under our existing insurance policies. We may suffer uninsured losses or experience losses exceeding our insurance limits.

Our insurance policies do not cover certain risks, specifically risks relating to contractor's liability, timely project completion, loss of rent or profit, construction defects or consequential damages in the form of a tenant's lost profits. Further, any proceeds received by us in respect of a claim may be insufficient to cover rebuilding costs as a result of inflation, changes in building regulations, environmental issues or other factors that may be beyond our control. Our real estate projects could suffer physical damage from fire or other causes, resulting in losses, which may not be fully compensated by insurance. In addition, there are certain types of losses, such as those due to earthquakes, floods, hurricanes, terrorism or acts of war, which may be uninsurable or are not insurable at a reasonable premium. Should an uninsured loss or a loss in excess of insured limits occur, we would lose the capital invested in and the anticipated revenue from the affected property. We would also remain liable for any debt or other financial obligation related to that property. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future.

We utilise independent construction contractors, whom we do not control, to construct our projects.

We contract with independent construction contractors for the construction of all of our projects, and do not carry out any of our own construction work. As we do not control these construction firms, we face the risk that they may not perform their obligations as agreed. If a contractor fails to perform its obligations satisfactorily with regard to a project, we may be unable to develop the project within the intended timetable, at the intended cost, or at all. In such circumstance, we may be required to incur additional cost or time to develop the property in a manner consistent with our development objectives, which could result in reduced profits or in some cases, significant losses. We cannot assure you that the services rendered by any of our independent construction contractors will always be satisfactory or match our requirements for quality. Any adverse cost or quality developments regarding our contractors would have a material adverse effect on our results of operations and financial condition.



We may not be able to enforce terms of contracts that we have entered into with independent contractors. We may be exposed to liabilities arising from defects in the work of such independent contractors.

We have entered into, and will continue to enter into, contracts with independent contractors for the construction of all of our projects. The contracts that we enter into with them are generally inadequately stamped and are not enforceable in a court of law until such time as the outstanding stamp duty and any applicable penalty has been paid. Further, a few of the contracts that we have entered into with independent contractors do not specify certain commercial terms such as liquidated damages, bank guarantee, performance bond, security deposit, and insurance obligations. If we are unable to enforce any of the terms of the contracts that we enter into with independent contractors, our business, results of operations or financial condition may be adversely affected.

We may be exposed to liabilities arising from defects in the work of such independent contractors.

Many of the contracts that we have entered into with independent contractors have warranty periods for defects that are shorter than the warranty period for defects that we make available to our customers. Consequently, we may not have any legal recourse to a particular independent contractor in respect of any liability to our customers that we incur as a result of defects in the work of such independent contractor. A lack of legal recourse to any independent contractor in respect of any liability to our customers that we incur as a result of defects in the work of such independent contractor may have a material adverse effect on our business, results of operations and financial condition. Also, any defects in the work of our independent contractors may have an adverse effect on our reputation, business, prospects, results of operations and financial condition.

We do not have any long-term contracts for any of our key building materials and are subject to the risk of short term price volatility and shortages of supply in respect of these materials.

We tend to procure the basic building materials for our projects, such as steel, cement and ready-mix concrete, directly from Indian suppliers. Our ability to develop and construct developments profitably is dependent upon our ability to source adequate building supplies for use by our construction contractors. We do not have any long term contracts for any of our key building materials such as cement, steel and reinforced cement concrete ("RCC"). Further, our development sites typically have limited storage space for supplies and therefore we are only able to purchase a limited amount of building materials for any given project at any particular time. As such, we are subject to the risks of short-term price volatility and shortages of supply in respect of these materials. During periods of shortages in key building materials, such as cement, steel and RCC, we may not be able to complete projects according to our previously established timelines, at our previously estimated project cost, or at all, which could adversely affect our results of operations and financial condition. In addition, during periods of significant increases in the price of key building materials, we may not be able to pass price increases through to our customers, which could reduce or eliminate the profits we attain with regards to our developments. Alternatively, increases in the sale and rental prices of our properties reflecting the higher costs of building materials could adversely affect demand for our properties. Prices of our key building materials have witnessed sharp price fluctuations in the past.

As we primarily source our building materials from local suppliers, our supply chain may be periodically interrupted by circumstances beyond our control, including work stoppages and labour disputes affecting our suppliers, their distributors, or the transporters of our supplies.

We depend on a limited number of suppliers for our building materials. Any problems with these building materials or these suppliers could have an adverse affect on our business or results of operation.

We purchase our building materials from a limited number of suppliers in India. If we experience problems with our building supplies and our suppliers are unwilling or unable to assist us in correcting such problems in a timely fashion or at all, or if any of our suppliers are unable to meet our purchase demands or go out of business, we could face serious disruptions in our operations. Even though we may be able to purchase building materials from alternative suppliers, we might be able to do so only at significant expense or encounter significant delays in doing so, causing disruption to our real estate development operations. Moreover, such alternative building materials might not meet the same quality standards as our current building materials. Such costs, lower quality and disruptions, could have an adverse effect on our business, results of operation and financial condition.

***The Company has a high level of debtors.***

As of March 31, 2009, the aggregate amount owed by our Company's debtors to our Company was Rs. 4,517.39 million, which includes Rs. 4,413.00 million due from two parties who have, during the year, requested that our Company extend the credit period originally granted in the respective sale agreements. The request was made on account of the severe slow down and recessionary pressures faced by the real estate industry, which has led to a substantial fall in both demand and prices for real estate. Our management considers the debt to be good and fully recoverable since the parties have confirmed the conditions originally agreed to and our Company has, as of June 30, 2009, received Rs. 440.40 million in re-payments. Subsequently, additional recoveries have been made as of the date of the Preliminary Placement Document.

General economic conditions may adversely affect the financial conditions of our Company's debtors, and may result in defaults by some of these debtors. In the event of defaults by the debtors of our Company, our Company may suffer a liquidity shortfall and incur additional costs, including legal expenses, in recovering the sums due and payable to it. If our Company is unable to recover the sums due and payable to it, or if the recoveries made by our Company are significantly lower than the aggregate amount owed to it, such occurrence may have an adverse impact on our Company's business, financial condition or results of operations.

Our success largely depends on our senior management and our ability to attract and retain our key personnel.

Our success depends on the continued services and performance of the members of our management team and other key personnel. If one or more members of our key personnel are unable or unwilling to continue in their present positions, such persons could be difficult to replace with comparably skilled persons immediately and our business could be adversely affected during such periods. Competition for senior management in the real estate and infrastructure development industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. As such, any loss of our senior management personnel or key employees could adversely affect our business.

The exercising of their respective exit options by any of our counterparties to our project contracts may adversely affect our business and financial condition.

In some of our project contracts we do not have an exit option even though our respective counterparties do. If any such counter party exercises its exit option, its exit from the relevant contract may adversely affect the relevant project and consequently our business operations and financial conditions.

Our Company has not provided for certain contingent liabilities.

Our Company has certain contingent liabilities, which we have not provided for. If any of these contingent liabilities materialise, our Company's financials may be adversely affected to that extent.

		(Rs. in millions)	
No.	Particulars	March 31, 2009	March 31, 2008
(A)	Claims against the Company, not acknowledged as debts on account of:-		
	1.Income Tax matters under appeal for Financial Year 1999-2000 (A.Y. 2000-2001)	--	68.16
	2.Income Tax matters under appeal for Financial Years 2000-2001 to 2006-2007	497.66	Amount not ascertainable
	3.Demand notice issued by Brihanmumbai Municipal Corporation for Land Under Construction charges (property tax).	41.20	32.89
	4.Petition filed against the Company, under the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971, in relation to a Project.	5.00	7.73
	5.Petition pending with the Honourable High Court of Bombay with regards to Mahalaxmi Car Project at Bhulabhai Desai	2.45	1.85



	Road, Mumbai		
(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).	621.18	636.99

Certain of our subsidiaries have incurred losses.

In the last financial year, certain of our subsidiaries have incurred losses, details of which are set out in the table below. While our subsidiaries continue to generate business, we cannot assure you that our subsidiaries will not make any further losses that our Company will not be called to offer financial support to our subsidiaries. Any financial support offered to the subsidiaries over a period of time may reduce our profitability in the year that we extend such financial support.

		(Rs. in millions)
Subsidiaries	Loss after Taxation (Fiscal Year 2009)	
Adhivitiya Properties Limited	(5.54)	
Agreem Properties Limited	(0.04)	
Akruti Warehousing Limited	(0.20)	
Arnav Gruh Limited	(20.20)	
Devkrupa Build Tech Limited (formerly Simon Buildcon Limited)	(0.37)	
E Commerce Magnum Solution Limited	(2.14)	
Gujarat Akruti-TCG Biotech Limited	(3.74)	
Himeo Builders and Developers Private Limited	(0.04)	
Khem Buildcon Private Limited	(0.04)	
New Empire Realtors Limited (formerly New Empire realtors Private Limited)	(7.25)	
Pushpak Healthcare Services Private Limited	(0.03)	
Urvi Build Tech Limited	(0.92)	
Vaishnavi Builders and Developers Private Limited	(0.05)	
Vama Housing Limited	(10.74)	
Vishal Nirman (India) Limited	(4.71)	
Vishal Techno Commerce Limited	(3.05)	
# - Akruti Middle East (FZE) (Sharjah)	(0.86)	

Note:

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

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

Risks in relation to pending legal proceedings.

Our Company, Subsidiaries, joint ventures and joint ventures of our Subsidiaries are involved in certain legal proceedings and claims in relation to civil, criminal and consumer litigation matters incidental to their business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may render us or them liable to liabilities/penalties and may adversely affect our business, results of operations and financial conditions. For further details please refer to the section entitled "Legal Proceedings".

Risks in relation to our trademarks applied for registration and infringement proceedings.

There are various trademark applications that have been submitted by our Company and which are pending before the Trademark Registry, Mumbai. We have also initiated opposition proceedings in relation to alleged infringement of our trademarks by third parties. If any of our applications for registration are not approved or if any injunctive or other adverse order is issued against us in respect of any of our trademarks, we would not be able to enjoy the statutory protections accorded to a registered trademark or prohibit unauthorised use of such mark by third parties by means of statutory protection.

***We enter into related party transactions with entities in which our Promoters are interested.***

We have entered into, and may in the future enter into, related party transactions. Our Company may in the course of its business enter into transactions with related entities in which our Promoters have interests. While our Company believes that all such transactions have been conducted on an arm's-length basis, there can be no assurance that our Company could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Furthermore, we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on Company's financial condition and results of operations. For details of our related party transactions see the paragraph titled Related Party Transactions in the section entitled "Financial Statements".

Any pay-outs required to be made by our Company in terms of guarantees issued or to be issued by our Company on behalf of our subsidiaries may have a material adverse effect on our cash flows, financial condition and results of operations.

Our Company has provided or may provide guarantees in relation to repayment of debt obligations of its subsidiaries as well as guarantees in relation to cost overruns that may be incurred by a subsidiary engaged in a particular project. Our Company may be required to make pay-outs in terms of such guarantees, in the event of defaults by such subsidiaries with respect to their payment obligations or due to cost overruns incurred during a project. Any pay-outs that our Company may be required to make in terms of the aforementioned guarantees may have a material adverse effect on our liquidity, financial condition and results of operations.

Conflicts of interest may arise out of common business objects shared by our Company and certain companies controlled/promoted by our Promoters.

Our Promoters have interests in, and have promoted, other companies and entities that may compete with us and have operations similar to ours within the real estate development industry. There is no requirement or undertaking made by the Promoters or any companies/entities promoted by Promoters not to compete with our business. In addition, there is no requirement or undertaking for our Promoters or any companies/entities promoted by Promoters to conduct or direct any opportunities in the real estate industry only to or through us.

As a result, conflicts of interest may arise in allocating or addressing business opportunities and strategies amongst our Company, our Promoters and other any companies/entities promoted by Promoters in circumstances where our interests differ from theirs. There can be no assurance that our Promoters or any companies/entities promoted by Promoters will not compete with our existing business or any future business that we may undertake.

RISKS RELATING TO OUR FINANCING ARRANGEMENTS***Real estate development requires substantial capital investment and we may not be able to raise required capital in the future sufficient to finance our current or future real estate developments.***

Real estate development projects are typically capital intensive and may require high levels of debt financing. We can provide no assurance that in the future we will have access to sufficient financial resources to implement our various projects currently planned and under development, particularly in the event that the actual amount and timing of our future capital requirements differs from our estimates. We may not be successful in obtaining additional required financing, in terms of debt, equity or otherwise, in a timely manner, on favourable terms or at all.

We finance our operations, primarily through borrowings from Indian banks and financial institutions, which we repay upon the completion of each project. We have incurred substantial indebtedness to finance our land acquisitions and development construction. Our borrowings increased substantially in the year ended March 31, 2009, and as of that date we had outstanding Rs. 8,489 million of secured loans and Rs. 2,080 million of unsecured loans. We intend to pursue a business strategy pursuant to which we will carryout additional real estate projects during each period, and which will require us to obtain additional financing to fund the capital expenditure relating to such projects. Our ability to borrow, and the terms of our borrowings, will depend on our financial condition, prevailing economic and real estate market conditions, our cash flows, the interest rate



scenario, policy stance with respect to lending to the real estate sector and our capacity to service debt in the then-prevailing rising interest rate environment.

If the real estate market in Mumbai or in India generally experiences any drop or downturn in real estate values, future fund raising on acceptable terms, in a timely manner or at all may not materialise. If we do not have access to these funds, we may be required to delay or abandon some or all of our planned developments or reduce capital expenditures and the scale of our operations, which may benefit our competitors and adversely affect our business and results of operations.

Changes in interest rates in India could adversely affect our business and the market for our real estate developments.

Our results of operations, and the purchasing power of our real estate customers, are substantially affected by prevailing interest rates and the availability of credit in the Indian economy. Interest rates in India have exhibited a fluctuating trend over the last two fiscal years.

Fluctuations in interest rates also affect the ability and willingness of our prospective real estate customers, particularly the customers for our residential properties, to obtain financing for their purchases of our completed developments. The interest rate at which our real estate customers may borrow funds for the purchase of our properties affects the affordability and purchasing power of, and hence the market demand for, our residential real estate developments. A majority of prospective customers rely on borrowed funds to fund property purchases, and a volatile interest regime may discourage, delay or defer potential purchase decisions. There can be no assurance that variations in interest rates and the interest rate policy by the RBI will not adversely affect our results of operations and financial condition.

We finance each of our real estate projects primarily through borrowings from Indian banks, which we repay upon the completion of each project. All of our indebtedness is subject to variable interest rates which can be varied by the concerned lenders, and has been varied both upwards and downwards in the past, based on general interest rate policy and concerned lender decisions. Our ability to borrow funds for the development of our real estate projects is affected in part by the prevailing interest rates available to us from leading Indian banks. Changes in prevailing interest rates affect our interest expense in respect of our borrowings, and our interest income in respect of our interest on short-term deposits with banks and loans to associates. Significantly, the interest rate at which we may borrow funds, and the availability of capital to us for development purposes, affects our results of operations by limiting or facilitating the number of projects we may undertake and determining the return, which we must obtain from each project to meet our obligations under our borrowings.

Our level of indebtedness could adversely affect our financial condition and results of operations.

We have entered into agreements with certain banks and financial institutions for short term and long term borrowings. Our interest cost increased from Rs. 717 million in the Financial Year ended March 31, 2008 to Rs. 1,631 million in the Financial Year ended March 31, 2009. Increased borrowings strain our financial condition and ability to borrow further, and the increased interest cost has a material adverse effect on our results of operations.

Further, our debt service coverage ratio, a measure of our ability to produce enough cash to cover our debt, was 1.53 for the year ended March 31, 2009. These low ratios indicate that during such periods our ability to produce enough cash to cover our debt may have been insufficient. If we are unable to produce enough cash to cover our debt in the future to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing or restructuring would be possible, that any assets could be sold, or, if sold, of the timing of the sales or the amount of proceeds that would be realized from those sales. We cannot assure you that additional financing could be obtained on acceptable terms, or at all, or would be permitted under the terms of our various debt instruments then in effect. Our inability to service or satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, would have an adverse effect on our business, financial condition and results of operations.

***We defaulted on loan payments during the year ended March 31, 2009.***

As per our Auditors Report on our standalone financial statements prepared not forming part of the Placement Document for the year ended March 31, 2009, we have defaulted on loan payments. The amounts involved are Rs. 223.26 million for which we were up to 30 days in default and of Rs. 87.74 million for which we were between 31-60 days in default.

An inability to meet such obligations on time could have several adverse consequences, including triggering immediate repayment clauses for the entire loan amounts, cross-default clauses and penalty interest clauses, among others, which would have a material adverse effect on our business, prospects, reputation, results of operations and financial condition.

Our borrowings are subject to numerous restrictive covenants, which may materially limit our business operation in the absence of lender consent.

Our financing agreements contain restrictive covenants that require prior lender consent in order for us to, among other things:

- allow our net working capital position to fall below the projected levels furnished by us to our lenders;
- implement a scheme of expansion or diversification or capital expenditure, except for a scheme that constitutes normal replacement;
- change or in any way alter the capital structure;
- create, assume or incur any further indebtedness of a long term nature whether for borrowed money or otherwise;
- borrow from any person until the dues have been paid in full;
- effect any scheme of amalgamation or reconstruction, take over, shifting of premises;
- implement a new scheme of expansion or take up an allied line of business or manufacture;
- change the constitution of our Company (including any reconstitution of partnership or conversion of private limited company into a public limited company, changes in the constitution or directors of our Company, or proposals for a merger or takeover);
- change the ownership or control of our Company whereby the effective beneficial ownership or control of our Company shall change;
- give any corporate/financial guarantee;
- purchase or redeem any of its issued shares or reduce its share capital;
- permit any transfer of the controlling interest or make any drastic change in the management operations;
- approach the capital market for additional funds either in the form of debts or equity;
- directly or indirectly purchase, acquire or lease any property, assets or goods to any shareholder, director, officer, agent, employee or any company or body corporate or other body or association of persons in which any one or more of such shareholders, directors, officers, agents or employees of our Company hold, any interest alone or jointly and directly or indirectly; and
- pay commission to its promoters, directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any financial assistance obtained or to be obtained for or by our Company or in connection with any other obligations undertaken for or by our Company for the purpose of the said project specified in the loan agreement.

Many of these restrictive covenants substantially affect our ability to operate our business in the absence of lender consent. Our financing agreements also contain customary terms relating to refusal of requests to draw down further capital under such agreements. There can be no assurance that we will be able to successfully operate our business consistently with these arrangements in the future. Moreover, of our various lenders, we have not yet received consent for the Issue from State Bank of India, State Bank of Patiala and Indian Overseas Bank. Any breach of the terms of these financing agreements could result in an acceleration of our repayments, force us to sell our assets or trigger a cross-default under our other financing agreements, which could adversely affect our business, financial condition and results of operations.

Substantially all of our assets have been secured under our financing agreements.

We maintain bank facilities and term loans with Indian banks and other financial institutions, generally with maturities of three to five years, to provide us with general working capital and operational flexibility in connection with our business. We also receive funds from Indian banks and other financial institutions pursuant



to project specific loans, which we use to fund the costs of construction of our respective real estate development projects. We also typically sell to Indian public or private sector financial institutions our rights to receive rental payments due to us under leases that we have entered into in respect of our commercial properties. This results in us receiving a lump sum payment from the financial institution in exchange for the financial institution acquiring the right to receive all future payments under a lease.

For our financing arrangements, we have created a charge on substantially all of our assets in respect of various borrowings. We grant security interests in the assets of each of our construction projects pursuant to the terms of the corresponding financing agreement. Similarly, in respect of the rights to receive rental income from our commercial properties that we have sold to financial institutions, we are prohibited by applicable covenants from further encumbering such rental income.

In the event of a default by us on our financing agreements, our charged assets, which represent substantially all of our assets, could be seized, leaving us with no assets with which to operate our business, adversely affecting our business prospects. As a result of our having charged substantially all of our assets in respect of our various borrowings, we may have difficulty obtaining further working capital through borrowings from these or other lenders given our lack of substantial additional security capable of being charged.

RISKS RELATING TO THE REAL ESTATE DEVELOPMENT INDUSTRY IN INDIA

The performance of our real estate development business may be adversely affected by changes in government or regulatory policies of Indian national, state and local governments.

Our real estate development business is significantly dependent upon and affected by governmental policies and approvals of various Indian national, state and local governmental bodies, including but not limited to regulatory and tax policies including the following:

In respect of tax policy, we receive certain favorable tax treatment in respect of our developments, which tax treatment affects our results of operations. For example, we pay only minimum alternate tax ("MAT") in respect of income generated in respect of our IT parks, rather than otherwise applicable income tax rates.

At the national level, Indian tax policies substantially affect the affordability of Indian residential property for consumers of residential properties in India by allowing for the deductibility of principal payments (subject to a limit) and mortgage interest from personal income tax otherwise payable. Any reduction in or elimination of such favourable tax treatment may reduce demand for or the affordability of residential housing to Indian families, thereby reducing demand or the affordability of our residential developments to Indian families.

At the local level, we are a private real estate development Company with participation in the Slum Rehabilitation Schemes under the regulatory supervision of the Slum Rehabilitation Authority ("SRA") in the case of development of land situated in Greater Mumbai and the Maharashtra Industrial Development Corporation ("MIDC") in case of development of land owned by MIDC. Both SRA and MIDC have been established under the authority of the GoM. We obtain land use rights over significant urban, developable land in the Mumbai area as a result of our participation in the Slum Rehabilitation Scheme, and any change in the rules or regulations relating to such schemes, or its abandonment, could adversely affect our ability to obtain urban developable land in the Mumbai area for our real estate projects.

At the local level, we require environmental, land use and sitting approvals for each of our real estate projects from local authorities. Delays in or our failure to obtain such approvals may delay or impede our ability to develop specific real estate development projects.

In addition, at the local level in Mumbai, we are subject to municipal land use regulations in effect in Mumbai which limit the maximum square footage of completed building we may construct on lots to specified amounts, calculated as a ratio to the land surface of each lot, and are subject to legislation (commonly known as a land Ceiling Act) which limits the total area of freehold land which we may own within Mumbai. These regulations limit our ability to build vertically on each plot to specific limits, and limit the amount of land surface we may retain under our direct ownership.



These and other governmental policies affecting our business may change from time to time at the local, state and national level in India. Any such changes may require us to modify the manner in which we do business, or may result in our not being able to carry out specific planned or future projects.

We face significant risks before we realise any income from our real estate developments, arising from the length of time each project requires for completion.

Real estate developments typically require substantial capital outlay during the acquisition of land or development rights and/or construction phases and it may take a year or more before income or positive cash flows may be generated through sales of a completed real estate development. Depending on the size of the development, the time span for completing a real estate development is usually more than a year.

Consequently, changes in the business environment during the length of time a project requires for completion may affect the revenue and cost of the development during the period from project commencement to completion, directly impacting on the profitability of the project. Factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, and lackluster sales or leasing of properties. The sales and the value of a real estate development project may be adversely affected by a number of factors, including but not limited to the national, state and local business climate and regulatory environment, local real estate market conditions, perceptions of property buyers and tenants in terms of the convenience and attractiveness of the project and competition from other available or prospective properties developments. If any of the risks described above materialises, our return on investment may be delayed and/or lower than originally expected by us, our results of operations and financial condition may be adversely affected.

In addition, in respect of the slum rehabilitation projects we complete, we are unable to obtain occupancy certificates for the buildings we have constructed for our own sale or lease purposes until we have completed and obtained occupancy certificates for the permanent housing for former slum dwellers. While we are permitted to develop such housing simultaneously with our development of buildings for sale or lease on cleared former slums, we face additional capital expenditure when undertaking such developments simultaneously.

We face competition from other real estate development firms, which may adversely affect our profitability.

The real estate development industry in India, while fragmented, is highly competitive and we face competition in Mumbai (where our business activities are presently focused) from other Indian real estate development and construction companies. We presently compete in Mumbai area with various regional companies, including HDIL, Hiranandani Developers Limited, the Raheja Group, Dhiraj Developers Limited, Kalpataru Developers, the Marathon Group and the Lokhandwala Group. Given our strategy of expanding our business activities mainly in Western India to include real estate development in other regions, we may experience competition in the future from potential competitors with significant operations elsewhere in India, including the DLF Group, the Ansal Group, Parsvanath Developers and Unitech Limited. Certain of these Indian real estate development firms are also our joint venture partners in respect of specific projects, and may compete with us more directly in the future.

In addition, land acquisition in India has historically been subject to regulatory restrictions on foreign investment. These restrictions have been relaxed to some extent in the last few years, but restrictions still persist, and foreign real estate developers do not yet have a significant presence in the Indian market. In the future, increased competition from foreign real estate development firms may result in increases in prices of large plots of land suitable for developments. If we are unable to compete effectively in the acquisition of suitable land with other developers, including other Indian and foreign real estate development firms with which we compete, our business and prospects will be adversely affected.

Compliance with, and changes in, environmental, health and safety laws and regulations may adversely affect our financial condition and results of operations.

We are subject to environmental and health and safety regulations in the ordinary course of our business, including governmental inspections, licences and approvals of our project plans and projects during construction. Government bodies in India, at the national, state or local level, may take steps towards the



adoption of more stringent environmental and health and safety regulations and we can not assure you that we will be at all times in full compliance with these regulatory requirements. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditure to comply with these regulatory requirements may vary substantially from those currently in effect. Costs of complying with current and future environmental, health and safety laws and regulations or any potential liabilities arising from any failure to comply therewith may have a material adverse effect on our business, financial condition and results of operations.

Governmental agencies in India may exercise rights of eminent domain in respect of our lands.

We, in common with other estate development firms in India, are subject to the risk that governmental agencies in India may exercise rights of eminent domain, or compulsory purchase, in respect of our lands. The Land Acquisition Act, 1894 authorises the national, state and local governments in India to exercise rights of eminent domain, which, if used in respect of our land, could require us to relinquish our properties with minimal compensation. The likelihood of such actions may increase in the event that these governments seek to acquire substantial blocks of land for the development of large infrastructure projects, such as roads, airports, railways etc. Any such action in respect of one or more of our major current or planned developments could adversely affect our results of operations and financial condition.

Environmental problems could adversely affect the Company's projects.

We are required to conduct an environmental assessment for most of our projects before receiving regulatory approval for these projects. These environmental assessments may reveal material environmental problems, which could result in the Company not obtaining the required approvals. Additionally, if environmental problems are discovered during or after the development of a project, the Company may incur substantial liabilities relating to cleanup and other remedial measures and the value of the relevant properties could be adversely affected.

Further, the ability of the Company to commence its projects is dependant on the Company applying for and obtaining certain environmental approvals from the relevant governmental authorities.

RISKS RELATING TO INDIA

A deterioration of general economic conditions, including a slowdown in economic growth in India, could have an adverse effect on our business.

Our performance is highly correlated to general economic conditions in India, which are in turn influenced by global economic factors. Any event, or trend resulting in a deterioration in whole or in part of the Indian or global economy may directly or indirectly affect our performance, including the quality and growth of our assets. Any volatility in global commodity prices, in particular steel, could adversely affect our costs, results of operations and financial condition.

A significant change in the Central and State Governments' economic liberalization and deregulation policies could disrupt the Company's business.

In the recent years, India has been following a course of economic liberalization and the Company's business could be significantly influenced by economic policies adopted by the Government. Since 1991, successive Indian Governments have pursued policies of economic liberalization and financial sector reforms.

The GoI has at various times announced its general intention to continue India's current economic and financial liberalization and deregulation policies. However, allegations of corruption and protests against privatizations, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.



The Government has traditionally exercised and continues to exercise influence over many aspects of the economy. Our Company's business and the market price and liquidity of its Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

A change in Government's policies in the future could adversely affect business and economic conditions in India and could also adversely affect our Company's financial condition and results of operations. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally, and specifically those of the Company, as substantially all of the Company's assets are located in India.

Financial instability in other countries, particularly countries with emerging markets, could disrupt Indian markets and the Company's business and cause volatility in our Equity Share prices.

The Indian financial markets and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. This in turn could negatively impact the movement of exchange rates and interest rates in India.

Accordingly, any significant financial disruption could have an adverse effect on the Company's business, future financial performance and our Equity Share prices.

Terrorist attacks and other acts of violence or war involving India or other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, financial condition and results of operations.

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the November 2008 Mumbai terrorist attacks, other incidents such as those in Indonesia, Madrid and London, and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability.

Also, India, the United States or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect client confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

Natural calamities could have a negative impact on the Indian economy and cause the Company's business to suffer.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Monsoon this year has been below normal thus far, and this has led to several districts in the country being declared rainfall-deficient and drought-prone, and this is expected to lead to a drop in agricultural production. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operation as well as the price of the Equity Shares.

***Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.***

The Indian securities markets are smaller and may be more volatile than securities markets in more developed economies. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the U.S and Europe. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges have experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similarly, adverse conditions in global securities market have also adversely affected sentiments in Indian markets. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of the Company's financial condition.

As stated in the reports of our Company's independent auditors included in the Placement Document, our financial statements are prepared and presented in conformity with Indian GAAP, consistently applied during the periods stated, except as provided in such reports, and no attempt has been made to reconcile any of the information given in the Placement Document to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and accounting standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of our financial statements to IFRS or U.S. GAAP or a summary of principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP and IFRS or between Indian GAAP and U.S. GAAP as applied to our financial statements. As there are significant differences between Indian GAAP and IFRS and between Indian GAAP and U.S. GAAP, there may be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with IFRS or U.S. GAAP instead of Indian GAAP. The significant accounting policies applied in the preparation of our Indian GAAP financial statements are as set forth in our financial statements included in the Placement Document. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS and between Indian GAAP and U.S. GAAP and how they might affect the financial information contained in the Placement Document.

There may be less company information available in the Indian securities markets than securities markets in developed countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of the markets in the United States and other more developed countries. SEBI is responsible for approving and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed countries.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Company's Articles of Association and Indian law govern our Company's corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company/body corporate in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder than as a shareholder of a corporation in another jurisdiction.



Investors may not be able to enforce a judgment of a foreign court against the Company.

Our Company is a limited liability company incorporated under the laws of India. Substantially all of our Directors and executive officers are residents of India and a substantial portion of its assets are located in India. As a result, it may not be possible for investors to effect service of process upon the Company or such persons outside India or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees which are not of the same nature as amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. The suit must be brought in India within 3 years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered and any such amount may be subject to income tax in accordance with applicable laws.

Any downgrading of India's sovereign debt rating by an international rating agency could have a negative impact on the Company's business.

Any adverse revisions to India's credit ratings for domestic and international sovereign debt by international rating agencies may adversely impact our Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our Company's business and future financial performance, its ability to obtain financing for capital expenditures and the trading price of the Shares.

RISKS RELATING TO EQUITY SHARES

SEBI enquiry in relation to the Price fluctuation of our Equity Shares.

In January 2009, our Company wrote to NSE and SEBI requesting that our shares be removed from the Futures & Options segment in light of the abnormal price movement due to low public float in our shares. Later, between February 2009 and March 2009 there were further abnormal movements in our stock price. Our shares were subsequently removed from the Futures & Options segment in the last week of March 2009. In this regard, SEBI has initiated correspondence with us seeking certain details and information such as details of shares



pledged by the Promoters and loans availed by our Company, among other things, as a result of this matter. Our Company has provided the necessary details and information to SEBI.

After this Issue, the price of our Equity Shares may be highly volatile.

The price of our Equity Shares on the Stock Exchanges may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our profitability and performance;
- perceptions about our future performance or the performance of Indian companies in general;
- performance of our competitors and the perception in the market about investments in the real estate industry;
- adverse media reports on us or the Indian real estate industry;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

There can be no assurance that an active trading market for our Equity Shares will be sustained after this Issue, or that the price at which our Shares have historically traded will correspond to the price at which the Shares are offered in this Issue or the price at which our Shares will trade in the market subsequent to this Issue. Our Share price may be volatile and may decline post listing.

Fluctuations in the exchange rate between the Rupee and the United States dollar could have a material adverse effect on the value of the Equity Shares, independent of the Company's operating results.

The Shares are quoted in Rupees on the BSE and the NSE. Any dividends in respect of the Shares will be paid in Rupees and subsequently converted into US dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating outside India the proceeds from sale of Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Shares may reduce the net proceeds received by shareholders.

The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, that may have a material adverse effect on the value of the Shares and returns from the Shares, independent of the Company's operating results.

Future issuances or sales of the Equity Shares could significantly affect the trading price of the Equity Shares.

Any future issuance of Shares by our Company or the disposal of Shares by any of the major shareholders of our Company or the perception that such issuance or sales may occur may significantly affect the trading price of the Shares.

There can be no assurance that our Company will not issue further Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Shares.

There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the BSE and the NSE in a timely manner or at all.

In accordance with Indian law and practice, permission for trading of the equity shares issued pursuant to the issue will not be granted until after those equity shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of equity shares to be submitted. There could be a failure or delay in listing them on BSE and NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the equity shares will trade in the future.



An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognised Indian stock exchange for a period of one year from the date of the Issue of the Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the allotment of Shares in the Issue, QIBs subscribing to Shares in the Issue may only sell their Shares on any recognised stock exchange in India where the Equity Shares of our Company are listed, and may not enter into any off-market trading in respect of these Shares. The Company cannot be certain that these restrictions will not have an impact on the price of the Shares.

You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realized on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax, or STT, has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realized on the sale of our Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of Equity Shares. For more information, see the section entitled "Taxation Aspects Relating To The Instrument" in the Placement Document.

The interests of the Company's principal Shareholders may not be the same as those of its other Shareholders.

As on the date of the Placement Document, our Promoters and promoter group, in the aggregate, beneficially own 89.96% of our Company's outstanding Equity Shares. These persons, acting together, exert significant influence on our Company's business, including matters relating to any sale of all or substantially all of its assets, the timing and distribution of dividends and the election of its officers and Directors. These directors and their family members may have interests that are adverse to the interests of holders of the Shares, and may take positions with which the Company or the other holders of Shares do not agree.

A third party could be prevented from acquiring control of the Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may discourage a third party from attempting to take control of the Company, even if a change in control would result in the purchase of the Shares at a premium to the market price or would otherwise be beneficial to investors. The Takeover Code contains certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring either "control" or an interest (either on its own or together with parties acting in concert with it) in 15% or more of the Shares of the Company must make an open offer to acquire at least another 20% of the outstanding Shares of the Company. A takeover offer to acquire at least another 20% of the outstanding Shares of the Company (or a lower percentage in certain circumstances) also must be made in the circumstances detailed in the section entitled "Indian Securities Market". These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of the Company.

Foreign investors are subject to foreign investment restrictions under Indian law that limit the Company's ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the



Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority.

Our Company cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

Your ability to sell your Equity Shares to a resident of India may be subject to delays if RBI approval is required.

Under current Indian regulations and practice, approval of the RBI is required for the sale of Equity Shares by a non-resident to a resident of India unless the sale is made on a stock exchange in India through a stock broker or a merchant banker registered with SEBI at the market price or in accordance with the terms of the pricing guidelines specified by the RBI in case of an off-market transfer. The conversion of the Rupee proceeds from such sale into foreign currency and the repatriation of that foreign currency from India also requires approval of RBI. As foreign exchange controls are in effect in India, the RBI will approve the price at which Equity Shares are transferred based on a specified formula and a higher price per Equity Share may not be permitted. Approvals required from the RBI or any other government agency may not be obtained on terms favorable to a non-resident investor or at all. Further, prior to the repatriation of sale proceeds, a non objection/tax clearance certificate from the income tax authority or the provision of an undertaking in the prescribed format along with a certificate from an accountant would be required. We cannot guarantee that any approval will be obtained in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increases or limiting losses during periods of price declines.

Conditions in Indian stock exchanges may affect the price or liquidity of our Equity Shares.

Indian stock exchanges have experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary closure of the stock exchanges to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have from time to time restricted securities from trading, limited price movements and imposed margin requirements. Further, from time to time, disputes have occurred between listed companies and Indian stock exchanges and other securities regulatory bodies that, in some case, have had a negative effect on market sentiment. Similar problems could occur in the future, and if they do they could negatively affect the market price and liquidity of our Equity Shares. For more information on the securities market in India, see "Indian Securities Market" in the Placement Document.

Holders of Equity Shares could be restricted in their ability to exercise preemptive rights under the applicable securities of any relevant jurisdiction and could thereby suffer future dilution of their ownership interest.

Under the Companies Act, 1956, any company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless the company has obtained Government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such preemptive rights without us filing an offering document with the applicable authority in such jurisdiction, you will be unable to exercise such preemptive rights unless we make such filing. We may elect not to file an offering document in relation to preemptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise preemptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.



USE OF PROCEEDS

The proceeds of the Issue are estimated to be approximately Rs. 3,023.97 million, before deducting the Issue expenses. The proceeds of the Issue will be used in compliance with applicable laws.

Subject to compliance with applicable laws and regulations, we intend to use the net proceeds received from the Issue to fund our various expansion plans, meet long-term working capital requirements, repay debts and for any other permissible uses.

Our main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enables us to undertake our existing activities.

In accordance with the policies instituted by our Board of Directors, our management will have the flexibility in deploying the Issue proceeds for the purposes mentioned above. Further the Issue proceeds may also be utilised for general corporate purposes and meeting Issue expenses. Pending utilisation for the purposes described above, we intend to temporarily invest the Issue proceeds in creditworthy instruments, including money market mutual funds and deposits with banks. Such investments would be in accordance with the investment policies as approved by our Board from time to time.

**CAPITALISATION**

The following table shows, as at March 31, 2009, our Company's actual capitalisation on consolidated basis as adjusted for the Issue.

This table should be read in conjunction with the financial statements and the related notes, the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial statements and information contained elsewhere in the Placement Document.

The information set out below has been prepared in accordance with Indian GAAP.

(Rs. in million)		
As at March 31, 2009		
	Pre-Issue	Post Issue *
SHAREHOLDERS' FUNDS		
Equity Shares of par value of Rs.10 each	667.00	667.00
Fresh Issue for QIP	----	60.36
Reserves and Surplus	9,755.61	9,755.61
Less: Minority Interest	1.85	1.85
Additional Share Premium on fresh issue for QIP	----	2,963.61
Total Shareholders' Funds (A)	10,420.76	13,444.73
LOAN FUNDS		
Secured Loans	8,488.93	8,488.93
Unsecured Loans	2,079.83	2,079.83
Total Debt (B)	10,568.76	10,568.76
Total Debt / Equity Ratio	1.01 : 1	0.79 : 1

Notes:

- (1) * All the detail post QIP are as on March 31, 2009.
- (2) As at March 31, 2009, 66,700,000 Equity Shares of Rs.10 each were issued and outstanding.

**MARKET PRICE INFORMATION**

Our Equity Shares have been listed on BSE and on NSE from February 7, 2007.

The table set forth below is for the periods that indicate the high and low prices of our Equity Shares and also the volume of trading activity. On August 28, 2009, the closing price of our Equity Shares on BSE and NSE was Rs. 530.15 and Rs. 526.15, respectively (Equity Shares of face value of Rs.10 each).

- (1) The high, low and average market prices of our Equity Shares during the preceding three years.

Year Ending March 31	BSE						
	Date	High (Rs.)	Volume on date of High (No. of shares)	Date	Low	Volume on date of Low (No. of shares)	Average (Rs.)*
2010 (upto Aug 26, 09)	Apr 1, 2009	667.5	1,320	Apr 24, 2009	343.0	24,664	490.6
2009	Mar 19, 2009	2,227.5	4,565,940	Jan 13, 2009	606.3	230,516	842.8
2008	Jan 18, 2008	1,291.9	341,095	Jun 29, 2007	324.8	93,772	760.4
2007 [#]	Feb 7, 2007	564.0	7,653,469	Mar 6, 2007	345.4	436,756	427.8

[#]Our Equity Shares were listed and started trading on BSE on and from February 7, 2007

*Average of daily closing prices

Source: www.bseindia.com

Year Ending March 31	NSE						
	Date	High (Rs.)	Volume on date of High (No. of shares)	Date	Low	Volume on date of Low (No. of shares)	Average (Rs.)*
2010 (upto Aug 26, 09)	Apr 1, 2009	814.1	495	May 12, 2009	364.6	26,696	506.6
2009	Mar 19, 2009	2,210.9	8,104,735	Jan 13, 2009	605.3	468,885	845.1
2008	Jan 18, 2008	1,291.3	126,311	Jun 29, 2007	324.5	89,418	760.0
2007 [#]	Feb 7, 2007	563.5	8,573,402	Mar 6, 2007	344.9	367,517	427.7

[#] Our Equity Shares were listed and started trading on NSE on and from February 7, 2007

*Average of daily closing prices

Source: www.nseindia.com

- (2) Monthly high and low prices of our Equity Shares for the six months preceding the date of filing of the Preliminary Placement Document.

Month	BSE						
	Date	High (Rs.)	Volume on date of High (No. of shares)	Date	Low	Volume on date of Low (No. of shares)	Average (Rs.)*
August 2009 **	Aug 03, 2009	560.2	59,228	Aug 25, 2009	488.6	29,811	490.6
July, 2009	Jul 28, 2009	585.6	454,281	Jul 13, 2009	402.3	32,830	506.4
June, 2009	Jun 10, 2009	615.5	58,837	Jun 23, 2009	471.3	60,522	540.4
May, 2009	May 25, 2009	494.2	10,802	May 13, 2009	363.3	27,893	419.2
April, 2009	Apr 1, 2009	667.5	1,320	Apr 24, 2009	343.0	24,664	469.2
March, 2009	Mar 19, 2009	2,227.5	4,565,940	Mar 31, 2009	702.6	1,046	1,247.1
February, 2009	Feb 25, 2009	1,080.4	354,767	Feb 3, 2009	799.2	107,229	952.1

*Average of daily closing prices

** - Data upto August 26, 2009

Source: www.bseindia.com



Month	NSE						
	Date	High (Rs.)	Volume on date of High (No. of shares)	Date	Low	Volume on date of Low (No. of shares)	Average (Rs.) *
August, 2009**	Aug 03, 2009	561.8	63,077	Aug 25, 2009	488.4	62,049	508.2
July, 2009	Jul 28, 2009	585.9	205,337	Jul 13, 2009	402.0	31,255	506.1
June, 2009	Jun 10, 2009	616.0	63,233	Jun 23, 2009	470.9	71,543	540.2
May, 2009	May 25, 2009	495.1	35,090	May 12, 2009	364.6	26,696	419.1
April, 2009	Apr 1, 2009	814.1	495	Apr 29, 2009	405.7	89,413	565.0
March, 2009	Mar 19, 2009	2,210.9	8,104,735	Mar 31, 2009	857.0	894	1,279.2
February, 2009	Feb 25, 2009	1,077.9	545,505	Feb 3, 2009	798.2	109,035	952.5

*Average of daily closing prices

** - Data upto August 26, 2009

Source: www.nseindia.com

Notes

- In the above data provided, High, Low and Average prices are of the daily closing prices.
- In case of two days with same closing, the date with higher volume has been considered.

- (3) Market Price on the first working day following the Board Meeting approving the Qualified Institution Placement on June 4, 2009, and after the approval of the members by postal ballot on July 21, 2009:

Date	BSE						NSE					
	Open	High	Low	Close	Traded Volume (No. of Shares)	Turnover (Rs. in million)	Open	High	Low	Close	Traded Volume (No. of Shares)	Turnover (Rs. in million)
Jun 4, 2009	563.4	584.5	536.0	584.5	49,817	28.68	585.0	585.7	535.0	585.7	42,682	24.54
Jun 5, 2009	613.7	613.7	591.0	601.85	50,920	30.95	613.0	615.0	585.0	600.5	78,056	47.36
Jul 21, 2009	500.0	546.0	492.4	527.4	70,610	37.44	547.4	547.4	522.0	526.3	1,16,431	61.7
Jul 22, 2009	531.0	547.0	510.0	513.8	84,272	44.58	528.7	546.6	509.4	513.6	109,916	57.99
Jul 23, 2009	514.0	530.0	514.0	524.2	49,966	26.24	522.0	530.0	515.0	523.7	76,756	40.24

Source: www.bseindia.com, www.nseindia.com

- (4) Volume of business transacted during the last six months on the Stock Exchanges.

Month	BSE		NSE	
	Total Volume of Securities Traded (No. of shares)	Total Value of Securities Transacted (Rs. in million)	Total Volume of Securities Traded (No. of shares)	Total Value of Securities Transacted (Rs. in million)
August, 2009*	828,433	426.10	1,137,966	583.01
July, 2009	3,129,438	1,666.22	3,285,874	1,718.79
June, 2009	1,572,655	845.00	1,627,184	877.28
May, 2009	766,152	320.99	904,879	388.35
April, 2009	750,568	292.95	365,674	157.52
March, 2009	38,970,595	57,354.58	58,334,481	89,062.40
February, 2009	7,193,054	6,922.19	12,123,441	11,766.08
Total	49,253,024	65,735.71	73,355,659	102,251.63

*Data upto August 26, 2009

Source: www.bseindia.com, www.nseindia.com



DIVIDEND POLICY

Under the Companies Act, unless the board of directors of a company recommends payment of dividend, the shareholders at a general meeting have no power to declare any dividend. The shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the board. Dividends are declared on a per-share basis of a company's shares. The dividend recommended by the board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their shares as on the record date for which such dividend is payable. In addition, as is permitted by the Articles of Association of our Company, the Board may declare and pay interim dividends. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date, which is specified as the "record date" or "book closure date". No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his shares is outstanding.

Our Company has paid / declared the following dividend on Equity Shares in the last five (5) years ending March 31, 2009. The following table sets forth the cash dividends paid / declared on the Equity Shares during each of the financial years indicated:

Fiscal	Face Value (Rs)	Rs. Per Equity Share	Amount of Dividend Declared (Exclusive of Tax) (Rs. in million)	Rate
2004-05	10	20.00	40.00	200%
2005-06	10	1.50	72.00	15%
2006-07	10	1.50	100.05	15%
2007-08	10	2.50	166.75	25%
2008-09	10	1.00	66.70	10%

The form, frequency and amount of future dividends on the Equity Shares will depend upon our Company's earnings, cash flow, financial condition and other factors and shall be at the discretion of our Board of Directors and subject to approval of the shareholders of our Company.

Our Company declares dividends, which are recommended by our Board and approved by our shareholders. Our Board may declare and pay an interim dividend. No dividend may be paid except out of its profits in accordance with Section 205 of the Indian Companies Act.

Future Dividends

There is no assurance that any future dividends will be declared or paid or that the amount thereof will not be decreased.

INDUSTRY OVERVIEW

The information set forth in this section is based on publicly available information, which has not been independently verified by the Company or the GC-BRLM and Co-Manager to the Issue, or any of their respective affiliates and advisors. None of us, the GC-BRLM and Co-Manager or any other person connected with the Issue has verified this information. Industry sources and publications generally state that the report has been published for general information purposes and that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Several reports also expressly disclaim legal responsibility and liability of the person/ organisation preparing the report for any loss or damage resulting from the contents of such reports. Accordingly, we and the GC-BRLM and Co-Manager do not take any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/ source documents. The actual data for those years may vary significantly and materially from the estimates so contained.

Growth of the Indian Economy

India is the world's largest democracy by population size, and one of the fastest growing economies in the world. According to CIA World Factbook, India's estimated population will be 1.16 billion people as of July 2009. India had a GDP on a purchasing power parity basis estimated at approximately US\$ 3,267.00 billion in 2008. This makes it the fourth largest economy in the world after the United States of America, China and Japan (Source: CIA World Factbook).

The last Annual Policy Statement of the Reserve Bank of India released in April 2008 placed real GDP growth for 2008-09 in the range of 8.0 to 8.5% (Source: Reserve Bank of India Annual Policy Statement for the Year 2009-10, April 21, 2009). However, following the global financial crisis, India's economic growth has slowed down significantly to 6.7% as compared to 9.0% in fiscal 2008 (Source: Central Statistical Organization ("CSO")). The real GDP growth for the four quarters of the fiscal year 2008 as compared to the fiscal year 2009 are set out below:

Real GDP Growth (%)

Sector	Q1		Q2		Q3		Q4	
	(April - June)		(July - September)		(October - December)		(January - March)	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
Agriculture, forestry and fishing	4.3	3.0	3.9	2.7	8.1	(0.8)	2.2	2.7
Manufacturing	10.0	5.5	8.2	5.1	8.6	0.9	6.3	(1.4)
Financing, Insurance, real estate and business services	12.6	6.9	12.4	6.4	11.9	8.3	10.3	9.5
GDP at factor cost	9.2	7.8	9.0	7.7	9.3	5.8	8.9	5.8

(Source: CSO)

The Indian Real Estate Sector

The Indian real estate sector involves the development of commercial offices, industrial facilities, hotels, restaurants, cinemas, residential housing, trading spaces such as retail outlets and the purchase and sale of land and land development rights.

Historically, the real estate sector in India has been unorganized and characterized by various factors that impeded organized dealing, such as the absence of a centralized title registry providing title guarantee, a lack of uniformity in local laws and their application, non-availability of bank financing, high interest rates and transfer taxes and the lack of transparency in transaction values. In recent years however, the real estate sector in India has exhibited a trend towards greater organization and transparency in light of the various regulatory reforms.

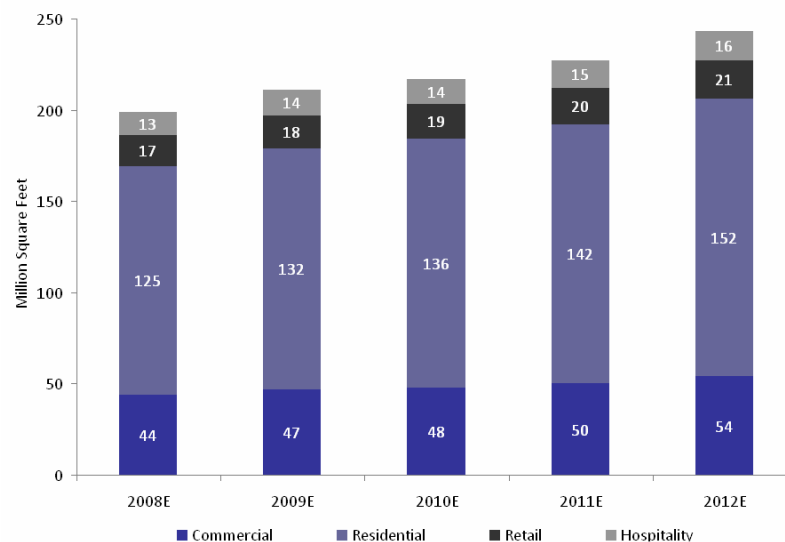
The above trend is believed to have contributed to organized investment in the real estate sector from both domestic and international financial institutions. The nature and demand for property is also changing, with heightened consumer expectations that are influenced by higher disposable incomes. These trends have been reinforced by the growth in the Indian economy, which has stimulated demand for land and developed real estate. Demand for residential, commercial and retail real estate is rising throughout India, accompanied by increased demand for hotel accommodation and improved infrastructure. Additionally, the tax and other benefits applicable to SEZs are expected to result in new source of demand.

According to Associated Chambers of Commerce and Industry of India, the size of the domestic real estate market in India as of October 2008 is estimated to be US\$ 15.00 billion, of which FDI contributions are estimated to be less than US\$ 4.00 billion [Source: Cushman & Wakefield Report: *The Metamorphosis – Changing Dynamics of the Indian Realty Sector, October 2008 (the “Cushman Metamorphosis Report”)*]. Since the opening of FDI into the real estate sector in 2005, the real estate sector has seen a substantial rise in investment year on year and is likely to see a steady increase over the next four to five years. However, due to the current global economic downturn, the real estate industry is experiencing a significant downturn. An industry-wide softening of demand for property has resulted from a lack of consumer confidence, decreased affordability, decreased availability of mortgage financing and large supplies of resale and new inventories. However, industry sources maintain that the medium to long term drivers of the sector have remained intact: (i) a large demand for developed space remains and (ii) FDI is expected to pick-up in the next couple of quarters.

A growing trend is the increase in the number of global direct real estate investment deals in India funded by India-specific real estate investment funds rather than by FDI. (Source: Cushman Metamorphosis Report)

According to Cushman & Wakefield Research estimates, the pan-India cumulative demand projection as of October 2008 for the real estate sector across the office, residential, retail and hospitality sectors was expected to be approximately 1,098.00 million square feet by the year 2012. The residential sector, which is expected to account for nearly 63% of the total demand for real estate during the period from 2008 to 2012, is expected to continue to drive real estate demand in the India. There is expected to be demand for 687.00 million square feet of residential space during this period. Despite the expected slow down in the market for office space, the demand for commercial office space is projected to be 243.00 million square feet during the period from 2008 to 2012. Moreover, the demand for retail and hospitality space is expected to be 95.00 million square feet and 73.00 million square feet, respectively, driven mainly by an increase in income levels as well as by an increase the number of both domestic and international tourists (Source: Cushman Metamorphosis Report). The pan-India demand projections through 2012 are set out below:

Demand Projection – Pan India



(Source: Cushman Metamorphosis Report)

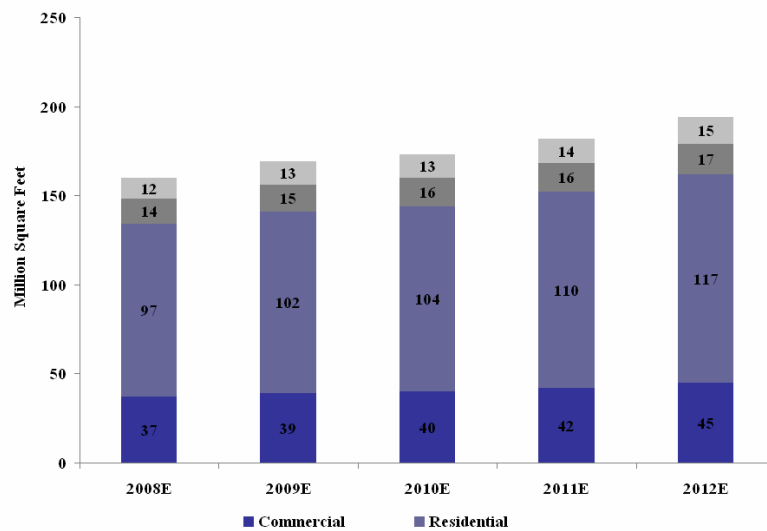


Additionally, the seven largest cities in India are expected to account for nearly 80%, or 877.00 million square feet, of total demand for real estate in India during the period from 2008 to 2012. The residential sector is expected to account for the largest portion of real estate demand in the seven largest Indian cities during the period from 2008 to 2012, with demand for residential space constituting 60% of the total demand in these seven cities. Total demand for residential space in these seven cities is expected to be 529.00 million square feet during this period. Further, demand for commercial office, retail and hospitality space is expected to account for 23%, 9% and 8%, respectively, of total real estate demand in these seven cities during the period from 2008 to 2012. Demand for office space is expected to be 203.00 million square feet, demand for retail space is expected to be 79.00 million square feet and demand for hospitality space is expected to be 66.00 million square feet during this period. (Source: Cushman Metamorphosis Report)

Real estate demand is expected to increase marginally during the period from 2008 to 2012, with the Tier I cities expected to generate the majority of the demand during this period. (Source: Cushman Metamorphosis Report)

The demand projections for the top seven cities in India for the next four years are set out below:

Demand Projections – Top Seven Cities



(Source: Cushman Metamorphosis Report)



Certain Segments of the Real Estate Sector

Below is a discussion of the following segments of the Indian real estate industry: residential, commercial, retail, hospitality and Special Economic Zones ("SEZs").

The Residential Segment

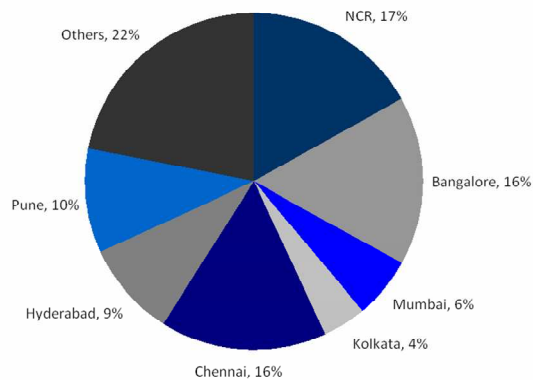
Due to India's highly favourable demographics, the demand for residential space in India has consistently outpaced supply in recent years. A growing population, rising disposable incomes, rapidly growing middle class and youth populations, low interest rates, incentives for interest and principal payments on housing loans, heightened customer expectations, increased urbanization and the shrinking size of Indian households were some of the reasons cited for demand exceeding supply. However, according to the Cushman Metamorphosis Report, rising property prices and increased interest rates, coupled with a demand-supply mismatch, has reduced the affordability of residential properties in India.

According to the housing ministry estimates, 24.71 million urban housing units will be needed in India during the Government of India's 11th Five Year Plan period (2007 to 2012). "Economically weaker sections" and lower income groups constitutes 99% of these 24.71 million urban housing units. The magnitude of this shortage is evident from the fact that 21% of India's urban population lives in slum-like conditions and 35% in one-room accommodations. Incentives from the Government of India in the form of tax benefits such as lower duties, subsidization of various construction inputs, an increase in private-public participation ("PPP") in development projects, the sponsoring of micro-financing and the development of land and infrastructural facilities is expected to boost low-cost housing initiatives. A notable initiative in this regard is expected to increase the floor space index ("FSI") in Mumbai, with the Mumbai Metropolitan Regional Development Authority ("MMRDA") planning to build over 500,000 houses over the next six years as part of the slum rehabilitation scheme of the Maharashtra State Government. (Source: The Cushman Metamorphosis Report)

Projected Demand for the Residential Sector

The total demand for the residential space in India is estimated to be approximately 687.00 million square feet over the next five years, with the top seven cities accounting for nearly 77% of this demand. (Source: Cushman Metamorphosis Report)

Demand for Residential Projects (2008 – 2012)



(Source: Cushman Metamorphosis Report)

Changing Demographics and Increasing Affluence

India's demographics have been impacted by large increases in (i) employment opportunities, (ii) the number of people in the crucial age 25 to 44 age bracket, and (iii) higher salaries. Such factors are contributing to an increase in disposable income in India and driving demand for new residential and retail properties.



The table below sets forth historic and projected annual growth rates for different segments of India's population, classified by levels of annual income. The figures highlight that growth is particularly expected in the higher income segments. For example, the number of households with annual incomes of between Rs.2.00 million and Rs.5.00 million per year, Rs.5.00 million and Rs.10.00 million per year and in excess of Rs.10.00 million per year is expected to increase in size by 22.9%, 25.4% and 28.3%, respectively, between financial years 2002 and 2010. The increase in the number of households with higher income is expected to contribute to the continued growth of the Indian residential real estate sector.

Household Income (Rs. million p.a.)	Household FY96 (,000)	Household FY02 (,000)	Expected households in FY06 (,000)	Expected households in FY10 (,000)	CAGR (FY96-02) (%)	CAGR (FY02-06) (%)	CAGR (FY06-10) (%)
>10	5	20	52	141	26.0	27.0	28.3
10 to 5	11	40	103	255	24.0	26.7	25.4
5 to 2	63	201	454	1,037	21.3	22.6	22.9
2 to 1	189	546	1,122	2,373	19.3	19.7	20.6
1 to 0.5	651	1,712	3,212	6,173	17.5	17.0	17.7
0.5 to 0.2	3,881	9,034	13,188	22,268	15.1	9.9	14.0
0.2 to 0.009	28,901	41,262	53,276	75,304	6.1	6.6	9.0
<0.009	131,176	135,378	132,249	114,394	0.5	(0.6)	(3.6)
Total	164,877	188,193	203,656	221,945			

(Source: www.ncaer.org)

Increasing Urbanization

India has witnessed a trend of increased urbanisation as people migrate from rural to urban areas seeking employment opportunities. This increased urbanisation has contributed to greater demand for residential space in cities. Urbanisation, coupled with the appearance of office developments in the peripheral areas of major cities, has in particular led to the emergence of integrated township developments. Integrated townships offer a type of development that consolidates commercial, retail, residential and leisure facilities.

Shrinking Household Size

India's traditional joint family (or multi-occupant) residences are gradually being replaced by individual or smaller nuclear family residences. Given India's increasing population, such contraction in the size of the average household is expected to increase demand for housing.

Trend towards high-rise residences in urban areas

A large proportion of the demand for residential developments, especially in urban centres such as Mumbai, Bengaluru, Delhi (Gurgaon and Noida) and Pune, is likely to be demand for high-rise residential buildings. Since this is a fairly new segment, the growth of the high-rise segment is expected to be faster than the growth of more traditional urban housing segments. The reasons for the anticipated demand are the lack of space in cities such as Mumbai and the proximity of high rises to offices and IT parks in places such as Gurgaon, Bengaluru and Pune. The high-rise trend is gradually expanding into other cities such as Kolkata, Hyderabad and Chennai as a result of increasing affordability, proximity to IT or business processing outsourcing ("BPO") parks and the development of townships within close proximity to such IT and BPO parks.



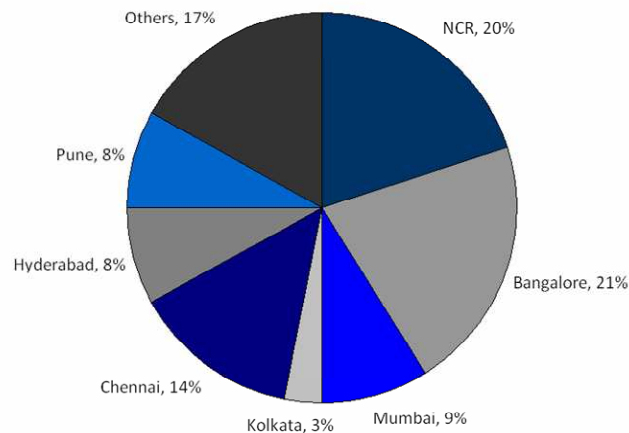
The Commercial Segment

The commercial real estate market in India has continuously been evolving in response to a number of changes in the business environment. The growth of the commercial real estate sector in India has been fuelled, in large part, by the increased revenues of companies in service industries, particularly in the IT and information technology enabled services ("ITES") sectors. The large space requirements of the IT/ ITES sector have led to real estate growth being spread beyond the customary central business district to the suburban and peripheral locations of major cities. For example, over the past few years, the Bandra Kurla Complex ("BKC") in the Western suburbs of Mumbai has emerged as a thriving commercial hub, and, along with the contiguous western suburban locations of Khar, Santa Cruz, Andheri, Malad and Goregaon, accounts for 44% of office stock in Mumbai. The sub-markets of Andheri, BKC and BKC-Kalina Road are the biggest contributors to total office space stock in the western suburbs of Mumbai (Source: Knight Frank – First Quarter 2009 India Office Market).

During the first six months of 2008, the seven major cities in India experienced excess supply in commercial office space, demonstrating the effects of the general economic downturn and the downturn in the real estate sector in particular. An excess in supply of commercial space was prominent in a few sub-markets, primarily in the suburban and peripheral locations of certain cities (Source: The Cushman Metamorphosis Report). However, the Cushman Metamorphosis Report suggests that the correctional effect of the excess supply in commercial space that has affected the office sector is expected to lead to a more stable market situation in the near future.

According to the Cushman Metamorphosis Report, the demand for commercial office space for the period from 2008 to 2012 is estimated to be approximately 243.00 million square feet across India. As the largest IT hub in India, Bengaluru is likely to have the highest demand for commercial office space demand, with its estimated office space demand for this period being 51.00 million square feet. Mumbai is only expected to rank fourth in terms of total demand for commercial real estate space because of its sky-high real estate values, which only a few corporations can afford. (Source: Cushman Metamorphosis Report)

Demand for Commercial Office Space (2008 – 2012)



(Source: Cushman Metamorphosis Report)



The Retail Segment

While real estate development in the retail sector is a relatively new phenomenon in India, it has benefitted from the growth experienced by domestic and foreign retailers in India in the recent years. However, the spillover of the global economic downturn into the Indian market has impacted growth in this sector.

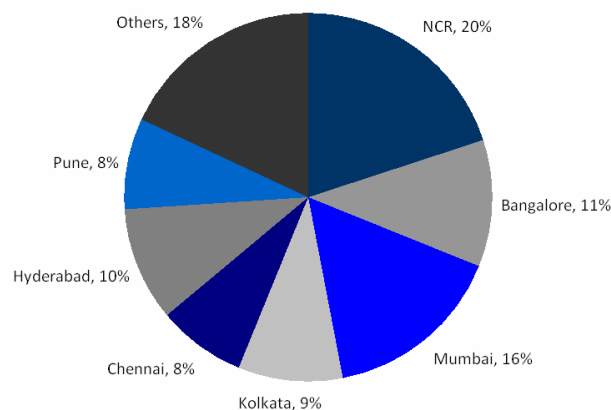
India's retail boom primarily originated in the Tier I cities and subsequently spread to the Tier II and Tier III cities. The increased purchasing power of the growing middle class and its consumerist aspirations are some of the factors propelling planned retail activities in the country. Established global retailers such as the German Metro AG, the South African Shoprite, the U.S.'s Wal-Mart and the U.K.'s Tesco have already made their entry into India along with luxury brands such as Armani, Aigner, Versace, Louis Vuitton, Dolce & Gabbana, Zegna and Hugo Boss, among the many other retailers that have also established their presence in major Indian cities. (Source: Cushman Metamorphosis Report)

Historically, the Indian retail sector has been dominated by small independent local retailers such as traditional neighbourhood grocery stores. However, during the 1990s organized retail outlets gained increased acceptance due to changing demographic factors such as an increase in the number of working women, changes in the perception of branded products, the entry of international retailers into the market and the growing number of retail malls. According to Knight Frank's India Retail Market Review (Third Quarter 2008), organized retailing accounts for approximately 4% of the total retail market in India and is expected to account for US\$ 107.00 billion in sales by 2013. However, the high rents demanded by owners of retail space and the economic downturn slowdown resulting from the global economic crisis may have an impact on demand for retail space in the near future.

The growth of demand for retail space has also led to high demand for shopping mall space. According to Knight Frank's India Retail Market Review (Third Quarter 2008), malls have emerged as family entertainment centres with food courts and multiplexes benefiting the most from the growing mall culture. Further, about 332 malls, aggregating to approximately 102.00 million square feet of space, are in the pipeline in Tier I and Tier II cities. Of these, the majority of malls are to be scheduled to open in the National Capital Region, which comprises of Gurgaon, Noida and New Delhi ("NCR"), and Mumbai in the next two to three years.

The projected retail demand figures (essentially representing shopping mall development) depict a large variation in demand among the Tier I, II and III cities. The NCR has the highest demand, with 19.00 million square feet (or 20%) of the total estimated retail space demand for the period from 2008 to 2012, followed by Mumbai with 15.00 million square feet (16%) of demand, resulting from high consumer spending in these cities. The demand for retail space in India for the period from 2008 to 2012 is set forth in the pie chart below:

Demand for Retail Projects (2008 – 2012)



(Source: The Cushman Metamorphosis Report)

The Hospitality Segment

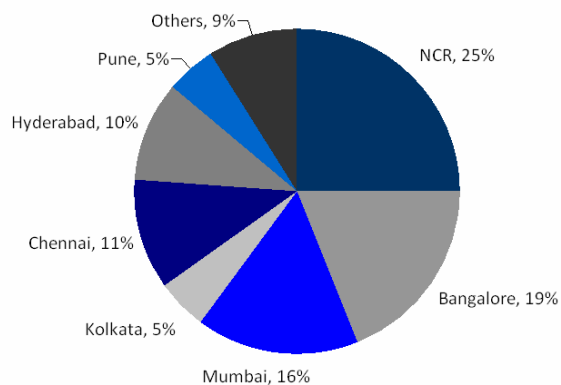
Economic growth and increasing commercial activity, coupled with the entry of several multi-national corporations into India, have helped in the growth of the hospitality sector in India in the recent years. The demand for hospitality space continues to be dependant on business and leisure travellers from within the country as well as on a significant increase in foreign travellers visiting India. However, the global economic downturn and the terrorist attacks in Mumbai in November 2008 have adversely affected the flow of foreign travellers to India. One of the most noticeable trends in the Indian realty sector has been the emergence of service apartments. The potential of this service segment is estimated to be nearly 20% of the total hospitality industry. (Source: Cushman Metamorphosis Report)

A strong domestic economy, business opportunity, the Government of India's open sky policy, initiatives to liberalise foreign investment and especially the efforts of India's Ministry of Tourism ("MoT") to communicate the "Incredible India" campaign have collectively contributed to robust demand for hospitality space in major cities in India. In keeping with the current growth rate, India's hospitality industry is anticipated to grow at 8% per annum between 2007 and 2016. (Source: Cushman Metamorphosis Report)

Major cities/ regions like Bengaluru, Mumbai, NCR, Hyderabad, Chennai and Kolkata are witnessing significant developments in the hospitality sector and are likely to generate demand of more than 60.00 million square feet during the period from 2008 to 2012. This accounts for over 90% of the forecasted demand for hospitality space in India during this period, which has been forecasted to be nearly 73.00 million square feet. Bengaluru and NCR are expected to generate the majority of the demand in this sector (together constituting 31.00 million square feet, or 43%, of the total forecasted demand for hospitality space in India during this period), followed by Mumbai with forecasted demand of 12.00 million square feet (16%). Cheaper accommodation alternatives such as bed-and breakfast formats and home stays are being promoted by the Government in anticipation of the large volume of expected visitors to NCR for the forthcoming Commonwealth Games in 2010 scheduled in the city. In addition, cities such as Jaipur, Ahmedabad, Kochi and Goa are also expected to add demand for hospitality space of approximately 6.00 million square feet during the period from 2008 to 2012. This is largely due to the Government's initiatives to promote tourism in the Tier II and Tier III cities. (Source: Cushman Metamorphosis Report)

The chart below shows the projected hospitality demand for the period from 2008 to 2012:

Demand for Hospitality Projects (2008 – 2012)



(Source: Cushman Metamorphosis Report)

According to the MoT, 5.50 million tourists were expected to visit India in 2008-09, which would have accounted for approximately Rs. 500.00 billion in foreign exchange [Source: Federation of Hotels & Restaurants Association of India, HVS and Ecotel's Indian Hotel Industry Survey 2007- 2008 ("HVS Report")].

The rapid increases in average room rates that have made some Indian cities the most expensive markets in the world, coupled with the global economic crisis and the negative travel advisory which was issued for India in the wake of the Mumbai terror attacks, are expected to negatively affect the performance of the hotel industry across India in 2009-10. Nonetheless, according to the HVS Report, this slowdown is expected to have only a short term effect as most Indian cities face a shortage of quality rooms, especially in respect of mid market, budget and economy hotels that cater to the fast growing demand by Indians for hotel accommodations.

Special Economic Zones

The Government of India introduced SEZs in 2000 to provide an internationally competitive environment for exports free of bureaucratic barriers. SEZs are specifically designated duty-free zones deemed to be foreign territories for purposes of Indian customs controls, duties and tariffs. The introduction of SEZs is aimed at attracting foreign investment and increasing exports in order to promote economic development and employment. As of December 18, 2008, there are a total of 274 government approved, privately developed SEZs in India. In addition, all SEZs (i.e., government approved, privately developed SEZs, State/ Private SEZs set up before 2006 and government SEZs) employed a total of 362,650 people and resulted in total investments of Rs. 937.07 billion as of September 30, 2008. Further, exports from these SEZs increased by 92% during 2007-08 to Rs. 666.38 billion as compared to Rs. 346.15 billion in 2006-07. *(Source: SEZ website, <http://sezindia.nic.in> accessed on June 2, 2009)*

There are three main types of SEZs: integrated SEZs, which may consist of a number of industries; services SEZs, which may operate across a range of defined services; and sector-specific SEZs, which focus on one particular industry. Minimum sizes for SEZs are 2,500 acres for a multi-product SEZ, 250 acres for a sector-specific SEZ, and 25 acres for SEZs focused on certain specific industries such as biotechnology, IT services, gems and jewellery. Under current legislation, SEZ developers and tenants are granted various income tax benefits, which are expected to attract software companies in particular, given that certain tax breaks available to software technology parks were set to expire in 2009.

Slum Rehabilitation Scheme

One sector of the real estate development market that is unique to Mumbai is its Slum Rehabilitation Scheme ("SRS"). In 1995, the Government of Maharashtra initiated the SRS and created the Slum Rehabilitation Authority ("SRA") to administer it. The objective of the SRS is to redevelop slums in the Mumbai area. Through the SRS, slum dwellings are replaced by residential buildings containing flats of 269 square feet that are developed free of cost to former slum dwellers by private real estate developers participating in the SRS. The Government of Mumbai subsidizes this clearance and development by granting developers the right to develop a proportion of former slum land for their own purposes, or by granting them transferable development rights ("TDRs"), which may be used to develop land elsewhere in Mumbai north of the relevant slum land. In other words, in exchange for the construction of flats for slum dwellers, real estate developers are allowed to construct residential, commercial and retail properties on slum land, whether it is government or private land, which they can then freely sell. Moreover, TDRs permit developers to develop land in certain parts of Mumbai that are outside the rehabilitated slum area. A TDR is made available in the form of a certificate issued by the municipal corporation of Mumbai, and its owner can use it either for actual construction or can sell it on the open market. Residential development on slum land that is subject to the SRS also benefits from a superior Floor Space Index ("FSI") allowance, which determines the total permitted construction area as a portion of the total land area of a site. Moreover, the SRS can enable a developer to acquire land in prime locations in Mumbai, a city where the scarcity of land is a constraint on real estate development. The acquisition can be made at, in effect, lower cost (e.g., the cost of constructing replacement housing for the slum dwellers) than traditional purchases of land for cash, thereby reducing the asset cycle risk for the developer between land acquisition and sale of developed property or FSI/TDRs.

The innovative subsidy mechanism of the SRS has spurred redevelopment activity in certain deprived areas of Mumbai which were previously unattractive to real estate developers. In addition to helping fulfil the social obligations of the government, which may not itself have the resources to undertake rehabilitation projects on a large scale, an on-going benefit of the SRS to the government of Mumbai includes the addition of individuals to the tax rolls when they occupy new housing who, as slum dwellers, were not previously part of the tax base.

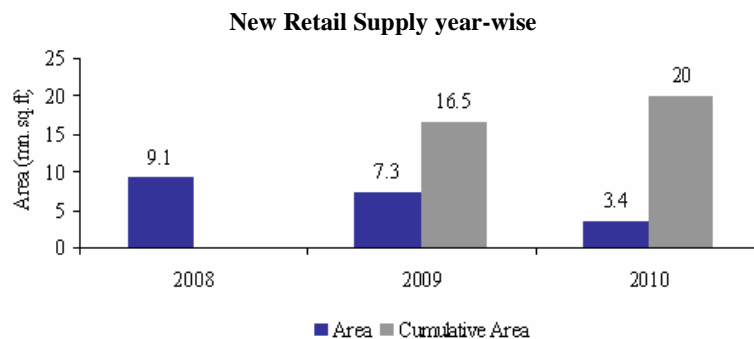
The Mumbai Real Estate Market

Mumbai is the capital city of Maharashtra and is also the commercial, entertainment and fashion capital of India. Mumbai is made up of seven connected small islands and the suburban area of Salsette Island. It is well connected by air, road and rail to other major cities in India. Mumbai's traditional textile industry have made way to the new economy of financial services, call centres and other business process outsourcing services, information technology, engineering, healthcare and entertainment companies. As the financial hub of the country, the headquarters of a number of financial institutions such as the BSE, Reserve Bank of India, NSE and Life Insurance Corporation are located in Mumbai. India's leading corporate houses such as Tata, Birla, Godrej and Reliance are also based in Mumbai.

Mumbai, is also the financial capital of India and has been the country's favoured destination for real estate investment by institutions and individuals across the country and abroad. Its commercial real estate stock has been rising on account of connectivity with extended suburbs as well as the satellite township of Navi Mumbai, which provides sufficient housing space for the working population. The pace of real estate development in Mumbai has been much faster than the infrastructure development due to the increasing population in the city. The population of the Mumbai Metropolitan Region grew at a CAGR of 2.7% to 18.89 million from 1991-2001. The growth remains higher in suburbs compared to the island city. As of 2001, population density (persons per square kilometre) stood at 49,163 in the island city, 24,605 in the western suburbs and 20,410 in the eastern suburbs. [Source: Knight Frank's India Retail Market Review (Third Quarter, 2008)]

According to Cushman & Wakefield's Marketbeat, Mumbai Residential Report (First Quarter 2009), the recent price cuts from developers and the lowering of home loan interest rates has marginally improved demand for low and mid end user segments. However, the over all macroeconomic conditions continue to be a major dampener for the residential sector in Mumbai and as a result rental and capital values witnessed correction across most micro markets in the first quarter of 2009. Many residential projects that are still in the planning stage and have not yet started construction have now been postponed as most developers are focusing on selling existing inventory and completing under construction projects. Additionally, the Maharashtra Government's recent decision to double the FSI to 4.00 for cluster redevelopment of old and dilapidated buildings will help add more residential supply in the space starved city and stimulate the real estate sector. However, because of the ongoing economic downturn, it is unlikely for any cash starved developer to initiate such redevelopment projects within the next nine to 12 months. (Source: Cushman & Wakefield Report: Marketbeat, Mumbai Residential Sector, First Quarter 2009)

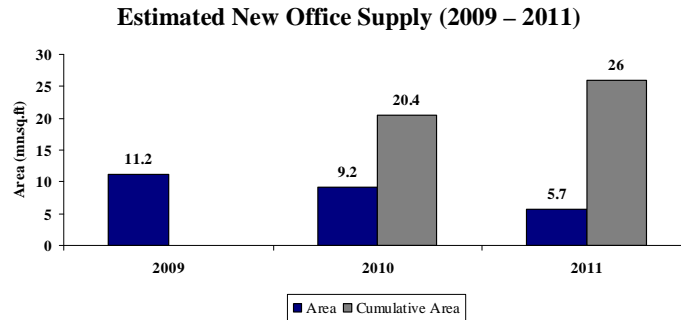
The graph below gives the estimated new retail supply in Mumbai for the periods mentioned:



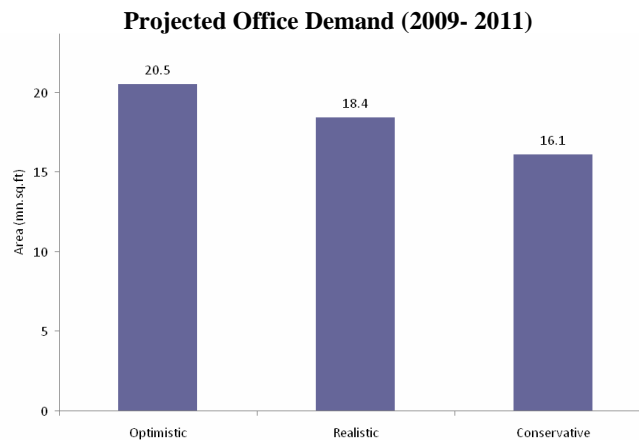
[Source: Knight Frank's India Retail Market Review (Third Quarter 2008)]

According to Knight Frank's India Retail Market Review (Third Quarter 2008), with the current presence of over 30 malls in the Mumbai Metropolitan Region and more than 50 expected to open in the next three years, the retail sector may be heading towards an over-supply of mall space. The report further states that the rental values will now depend on the success of malls, which in turn will depend on factors like tenant mix, branding, traffic and location management. At present, medium and smaller retailers in malls are facing tough times because of the high rents and low conversion rates. Rent, which has experienced an upward trend in the last two years, experienced a decline in the third quarter of 2008.

Over the next three years, as depicted in the graphs below, while around 26.02 million square feet of Grade A office space is expected to be made available in Mumbai, incremental demand for such space, assuming realistic GDP forecasts, is forecasted to be only 18.40 million square feet, or 71.0% of anticipated supply. This amounts to a predicted oversupply of 7.50 million square feet, a figure that is mitigated by the fact that due to financial constraints on the supply and demand sides, restructuring and realignment of projects could be a prominent feature of India's real estate market in the near future. (Source: Knight Frank – First Quarter 2009 India Office Market)



(Source: Knight Frank – First Quarter 2009 India Office Market)



(Source: Knight Frank – Q1 2009 India Office Market)

Challenges Facing the Indian Real Estate Sector

Lack of National Reach of Existing Real Estate Development Companies

There are currently very few real estate development companies in India that can claim to have operations throughout the country. Most real estate developers in India are regionally based and active in areas where the conditions are familiar to them because of factors such as:

- the differing tastes of customers in different regions;
- difficulties with respect to large scale land acquisition in unfamiliar locations;
- inadequate infrastructure to market projects in new locations;
- the large number of approvals which must be obtained from different authorities at various stages of construction under local laws;
- the long gestation period of projects;
- differences in local laws and regulations governing the sector; and
- lack of industry norms and standards, which makes it very difficult to evaluate different projects judiciously.

*Majority of the Market is in the Unorganized Segment*

The Indian real estate sector is highly fragmented into many small builders and contractors, which account for a majority of the housing units constructed. As a result, there is less transparency in dealings or sharing of data between these builders and contractors.

Demand Dependent on Many Factors

Real estate developers face challenges in generating adequate demand for many projects. The factors that influence a customer's choice of property are not restricted to quality alone, but also depend on a number of external factors, including proximity to urban areas and facilities and infrastructure such as schools, roads and water supply, each of which is often beyond the developer's control. Demand for housing units is also influenced by policy decisions relating to housing incentives. Also, in light of recent events which lead to the global economic downturn, the real estate industry is also experiencing a significant downturn and an industry-wide softening of demand for property has resulted from a lack of consumer confidence, decreased affordability, decreased availability of mortgage financing, and large supplies of resale and new inventories.

Increasing Raw Material Prices

Construction activities are often funded by the customer, who makes cash advances at different stages of construction. In other words, the final amount of revenue from a project is pre-determined and the realization of this revenue is scattered across the period of construction. The real estate sector is dependent on a number of raw materials and supplies such as cement, steel, bricks, wood, sand, gravel and paints. A significant challenge that real estate developers face is dealing with increasing costs for raw materials. As the revenues from sale of units are predetermined, adverse changes in the price of any raw material directly affects the developers' financial results. Even though, historically, the prices of raw materials have generally risen, these prices have been decreasing over the last year.

Interest Rates

One of the main drivers of the growth in demand for housing is the availability of financing at low rates of interest. Further, frequent fluctuations in benchmark interest rates, which govern the interest to be paid by borrowers on a periodic basis, may also influence purchasing decisions.

Tax Incentives

The existing tax incentives that may be availed by persons who borrow funds to facilitate the purchase of homes is one of the major factors influencing demand.

Reforms in the Indian Real Estate Sector*Foreign Direct Investment in Real Estate*

In 2005, the Government modified the FDI rules applicable to the real estate sector by permitting 100% FDI with respect to townships, housing, built-up infrastructure and construction development projects, subject to a number of guidelines.

Housing Regulations

The Government has suggested the repeal of the Urban Land (Ceiling and Regulation) Act, 1976, ("ULCRA") by way of the Urban Land (Ceiling and Regulation) Repeal Act 1999, which has so far been adopted by the state governments of Haryana, Punjab, Uttar Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan, Orissa and Andhra Pradesh. However, as a matter subject to state-by-state legislation, ULCRA has not been repealed in a number of other states. Maharashtra has, however, recently repealed the ULCRA.



BUSINESS OVERVIEW

In this section, unless the context otherwise requires, references to "we", "us", "our" and "our Company" refer to Ackruti City Limited and our subsidiaries, associates, joint ventures and partnership firms taken as a whole. Unless otherwise noted, the total square footage numbers provided in this section for projects undertaken by us through associates / joint ventures represent the total square footage of development undertaken by the relevant joint venture and not our proportionate interest in such square footage. The data below in respect of acreage, square footage and similar information relating to our Company's lands and developments is based on management estimates and has not been independently appraised or verified. Reliance on such data should accordingly be limited. Also see the risk titled "Our statements as to areas under development are based on management estimates and have not been independently appraised" in the section entitled "Risk Factors". We have used our current corporate name "Ackruti" for all of our past/completed projects as well, in addition to our ongoing and future projects for ease of reference, although the name(s) of those projects may not have changed from "Akruti" to "Ackruti".

OVERVIEW

We are a real estate development company based in Mumbai, India. At present, our primary business is the development of commercial and residential properties. Our operations include the identification and acquisition of land and land development rights and the planning, execution and marketing of our projects. Our commercial business operations involves us developing, selling and leasing of commercial office space, including office towers and information technology parks, with a focus on properties attractive to the information technology ("IT"), information technology enabled services ("ITES") and business processing outsourcing ("BPO") enterprises. Our residential business operations involve us developing multi-unit residential apartment buildings with residences ranging from one bedroom flats to higher end five bedroom flats.

A key focus area of our business has been real estate development on slum rehabilitation land, pursuant to the Slum Rehabilitation Scheme ("SRS") initiated by the GoM in 1992, whereby in return for developing new residential buildings for former slum dwellers, the GoM grants us either the right to develop a proportion of former slum land for our own purposes or Transferable Development Rights ("TDRs"), which permit us to develop land in certain parts of Mumbai located outside the relevant slum area. Since undertaking our first real estate development project in 1989, we have developed approximately 9.34 million square feet of developed area, of which approximately 6.51 million square feet, or approximately 70%, has been developed on land made available to us for development through our participation in slum rehabilitation projects. We have developed new dwellings on, and handed over free of charge, approximately 4.67 million square feet of residential space on these slum rehabilitation lands to provide housing for former slum dwellers. We have used the remaining slum rehabilitation lands made available to us to develop approximately 1.84 million square feet of saleable area as commercial, residential and IT park projects. Our participation in slum rehabilitation projects in Mumbai has allowed us to obtain strategically located land for our real estate development projects at a lower cost than we would have otherwise incurred for the purchase of comparable, developable urban land in Mumbai. The balance development of approximately 2.83 million square feet, or approximately 30%, has been developed through non slum rehabilitation projects.

Of the approximately 9.34 million square feet of saleable area that have been developed by us since our Company's incorporation, we have developed approximately 3.97 million square feet independently, or approximately 42% of such land, and approximately 5.37 million square feet, or approximately 58%, has been developed either in partnership with other companies in the real estate sector, as part of joint venture arrangements, or as part of a consortium.

Historically, we have focused our business on real estate development in Mumbai. However, as part of our growth strategy, we have expanded into Pune, Thane, Gujarat, Jaipur and Bengaluru, and intend to expand our business into other cities, particularly where we see future potential for our operations. We also intend to further diversify our business lines by selectively exploring new concepts for large scale development projects, such as townships, serviced apartments and hotels.

In respect of our ongoing projects under development, as of June 30, 2009 we have development rights for approximately 13.04 million square feet of land area, primarily located in Mumbai and other urban areas. Of this area, approximately 1.68 million square feet represents slum rehabilitation land and approximately 11.36 million



square feet represent land acquired or leased from third parties. We expect to develop approximately 19.00 million square feet on these lands, of which approximately 16.63 million square feet will be saleable area and the balance approximately 2.37 million square feet of constructed new dwellings will be handed over free of charge to former slum dwellers. In addition to the above, we expect to be granted approximately 1,00,000 square feet of TDRs.

In respect of our future projects, as of June 30, 2009, we have also initiated steps to acquire development rights over an additional approximately 17.89 million square feet of land area, primarily located in Mumbai and other urban areas. Our management expects, based on applicable zoning regulations, to develop approximately 39.34 million square feet on these lands, of which approximately 35.21 million square feet will be saleable area and the balance approximately 4.13 million square feet of constructed new dwellings will be handed over free of charge to former slum dwellers. In addition to the above, we expect to be granted approximately 4,14,000 square feet of TDRs.

Our sales, on a consolidated basis, have grown at a CAGR of 68.22% from Rs. 1,984.75 million for the year ended March 31, 2007 to Rs. 5,616.35 million for the year ended March 31, 2009. Our profit after tax, on a consolidated basis, has grown at a CAGR of 108.62% from Rs. 766.91 million for the year ended March 31, 2007 to Rs. 3,337.63 million for the year ended March 31, 2009.

OUR HISTORY

In 1989, our Company was incorporated, commenced real estate development work and undertook the first residential development project. Since the introduction of the SRS in 1992 by the GoM, we have developed a number of slum rehabilitation projects in Mumbai, the capital of Maharashtra state. In 1992, we began our participation in slum rehabilitation projects authorised by the GoM's Slum Redevelopment Committee (the "SRC"), a governmental entity that was later converted by statute in 1995 into the Slum Rehabilitation Authority ("SRA"), an agency of the GoM. We received our first rehabilitation engagement from the SRA in September 1996 and delivered our first new unit for former slum dwellers in October 1997. In November 2000 we completed development of Ackruti Softech Park, a private software technology park in Mumbai. Subsequently, we further expanded our slum rehabilitation initiative and commenced MIDC and MMRDA projects involving rehabilitation of housing for more than 6,000 families. In 2004, we commenced a large scale residential project in south Mumbai under the Urban Rejuvenation Scheme ("URS"). We also recently concluded the process of developing a 20-storey fully mechanised car park, with capacity for 240 cars, in Breach Candy, Mumbai as a Public Private Partnership ("PPP") project. The construction of this car park gave us access to FSI for building a retail space at significantly lower costs.

Our management standards and systems have been recognised by international certifications. We were initially awarded ISO 9001- 2000 certification in November 2001. Our most recent ISO 9001 – 2000 certification was awarded to us in January 2008 for “the design, construction and maintenance of buildings - residential, commercial, IT and multi-storey underground mechanised and robotic car parks”. The current ISO 9001 - 2000 certification is valid until January 27, 2011.



COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strengths:

Active in a diverse range of real estate development business segments

We undertake a diverse range of real estate opportunities, including commercial, residential and IT park projects. Our projects completed or under development include high-rise residential towers, commercial office towers, IT parks and SEZs. We aim to identify and capitalise on new business opportunities in the Indian real estate industry and our management intends to further diversify our business activities in the future to include the development of bio-technology parks, townships, hotels and serviced apartments. By undertaking a broad range of development opportunities, we seek to limit our exposure to risk in specific segments within the real estate development industry and, where market demand requires, we try, if applicable regulations permit, to convert a project from its intended use to one of the other types of project that we undertake (e.g., converting a residential project to a commercial project).

Established track record and reputation

Since our incorporation in 1989, we have been responsible for the successful completion of 30 real estate projects in India comprising approximately 9.34 million square feet of saleable area. Our position as a leading property developer with a western India focus is largely due to our established execution capabilities, including our ability to successfully complete new commercial and residential projects utilising lands obtained through the SRS. Further, we engage architectural, structural and various other consulting firms with established track record in a number of our projects. As part of our efforts to establish and maintain our reputation, we have used, and will continue to use, quality construction materials and modern technology in all of our projects. We have been able to attract a number of Indian and multinational enterprises such as Tata Consultancy Services Limited, 3i Infotech Limited, Kale Consultants Limited, and BNP Paribas as commercial tenants, some of which have rented commercial units from us in more than one of our commercial developments.

Ability to obtain prime locations in Mumbai through slum rehabilitation projects

As of the date of the Placement Document, almost all of our developments have been completed in Mumbai, a city with a shortage of developable open land and a city where many large slums exist in areas considered to be prime real estate locations. Under the SRS, the construction of permanent housing for slum dwellers allows us to clear and use the remaining land area in slum areas for other real estate projects or be granted TDRs. Our redevelopment of slum lands provides us the right to also develop our own real estate projects for sale or letting to third parties on lands made available to us because of our slum rehabilitation efforts. We primarily obtain developable, urban land for our projects in Mumbai in this manner.

As of the date of the Placement Document, we have developed over 10,000 apartments for former slum dwellers in exchange for developable urban land and land development rights in Mumbai from the SRA. As compensation for the construction of this housing, we have received from the applicable slum rehabilitation authority developable, urban land in the cleared former slums, or TDRs for the construction of buildings elsewhere in Mumbai, which we may use in our other projects or which we may sell to other developers. As the applicable slum rehabilitation authorities do not charge developers for the land on which slum rehabilitation projects are undertaken and as the principal cost for redeveloping slum land is the construction cost of the rehabilitation buildings for slum dwellers, we are able to develop such land at comparatively low cost.

Western India focus

As of June 30, 2009, we, along with our JV partners, had ongoing projects with development rights for more than 13.04 million square feet of land area, a majority of which is located in Mumbai and other western Indian cities. Of this 13.04 million square feet of land area, approximately 1.68 million square feet represent slum rehabilitation land and approximately 11.36 million square feet represent land acquired or leased by us from third parties. Our management expects, based on applicable zoning regulations, that we will be able to construct approximately 16.63 million square feet of saleable area on these lands, of which approximately 9.16 million square feet represents our share of the total saleable area.

**Experienced and dedicated management team**

We have an experienced, qualified and dedicated management team, many of whom have more than two decades of experience in their respective fields. Due to our established reputation for project execution, we have been able to attract competent management team and employees. Our professionally qualified staff and consultants retained by us include engineers, architects, structural design consultants, marketing specialists, treasury officers, costing consultants, procurement officers and accountants. We provide our staff with extensive training to encourage professional excellence. We believe that the experience of our management team and our management's understanding of the real estate development industry will enable us to continue to take advantage of both current and future market opportunities.

Foresight and Innovation

We utilise the experience and skills of our professional management, design, engineering and project execution teams to plan and carry out innovative developments that maximise the use of available land. For example, we recently concluded the process of developing a 20-storey fully mechanised car park with parking capacity for 240 cars in Breach Candy, Mumbai on a small plot of land measuring only approximately 18m x 18m using fully automated technology imported from Germany. We have also converted few a retail projects into commercial projects such as Ackruti IRIS, K-Park, S-Park and one of our planned IT park projects into a residential project, because we had the foresight to capture shifts in demand away from retail and commercial IT space, respectively.

Established reputation for efficiently regenerating slum lands

Our successful redevelopment of various slums within Mumbai and our commitment to regenerate the locations in which we carry out our slum rehabilitation projects has afforded us credibility with government agencies and slum dwellers, which we believe will facilitate our ability to obtain approvals and consents required for future slum rehabilitation projects that we undertake. Our management expects that the experience we have gained in carrying out slum rehabilitation projects in Mumbai positions us well to carry out further slum rehabilitation projects in Mumbai and in other Indian cities when such new schemes are announced.

BUSINESS STRATEGY

The key elements of our business strategy are as follows:

Expand our slum rehabilitation business in Mumbai and other parts of India

We intend to continue growing our slum rehabilitation business in the city of Mumbai where we believe there are substantial prospects for further slum development. We are currently developing sites for residential and commercial projects situated on former slum land in Mumbai with a total land area of approximately 1.68 million square feet.

We also expect that there is a significant expansion potential for our business model in other areas in India because various governmental authorities in the country are beginning to replicate Mumbai's SRS model. For example, the states of Rajasthan and Karnataka have recently commenced similar schemes in relation to areas, known as "Economic Weaker Sections". If such schemes come to fruition, we will evaluate the possibility of leveraging our slum rehabilitation expertise to expand our business into these locations and into other cities in India where there is significant slum redevelopment or other comparable development potential.

Diversification of our project portfolio

We intend to expand the portfolio of projects we undertake, thereby further diversifying our revenue streams and enhancing the value and position of our brand. In particular, we are evaluating new business lines comprising the development of bio-tech parks, townships, hotels and serviced apartments.

**Increase our land reserves in strategic locations**

We recognise that continuing to increase our land reserves is critical to our growth strategy, and we intend to continue acquiring strategically located parcels of land in select cities in India for our projects but only at prices that our management considers to be highly competitive. Our management estimates that collectively our ongoing projects under development will involve the development of residential and commercial developed area over the next three to five years of approximately 11.66 million square feet saleable area and approximately 4.97 million square feet saleable area, respectively, totalling approximately 16.63 million square feet saleable area out of which our share is 9.07 million square feet. These represent projects for which construction has commenced, in respect of which we have executed memoranda of understanding (that is, projects to be developed on land that is not slum land or former slum land) or where letters of intent have been granted to us with regard to such projects (that is, projects to be developed as part of our participation in the SRS).

As of June 30, 2009, we had also initiated steps to acquire development rights over a further approximately 17.89 million square feet of land area, primarily located in Mumbai and other cities, in respect of which our management expects, based on applicable zoning regulations, that we will in the future be able to develop approximately 35.21 million square feet of saleable area on these lands, of which approximately 17.80 million square feet represents our share of saleable area. We also are currently evaluating the acquisition of land or development rights in other cities where we see significant growth potential, such as Thane, Pune, Jaipur, Bengaluru, and Vadodara.

Selectively partner with experienced players in the real estate industry

We have experience undertaking real estate projects in partnership with third parties in the Indian construction and real estate development industries, including significant Indian real estate development groups such as the DLF Group, the Hiranandani Group, the Marathon Group, Siva Ventures, Everest Developers and the Shapoorji Pallonji Group. We recognise that collaborating strategically with other firms can reduce our capital investment, enable us to leverage our development capabilities, allow us to benefit from an enhanced pool of construction and marketing expertise and experience. In addition, by partnering with local firms in other Indian regions, we can benefit from our local partners' experience and relationships with local government agencies, suppliers and sub-contractors. We intend to identify and build relationships with local business partners in the various Indian cities and states, where we see significant growth opportunity.



Our Projects

The following table presents, as of June 30, 2009, an overview of the approximate saleable area of our completed developments, projects under development for which we have commenced construction, and other future projects for which we have commenced the acquisition of land or land development rights and/or have executed memoranda of understanding to acquire such land. The table includes projects that we have developed or are developing independently as well as in partnership with third parties.

Saleable Area (‘000 sq. ft.)	Key business lines ⁽¹⁾					Rehabilita tion ⁽²⁾	*Total Saleable Area under Management	
	Our projects	Commercial	Residential	Retail	Hospitality			Total
Historical		785	1,066	-	-	1,851	1,991	3,842
Projects Under Development - Completed		15	-	110	-	125	-	125
Projects Under Development – Ongoing		888	1,773	-	-	2,660	921	3,582
Future Projects		820	1,235 ⁽³⁾	36	-	2,091	176	2,267
Partnership/ JV’s	Commercial	Residential	Retail	Hospitality	Total			
Historical		716	168	-	-	884	2,673	3,557
Projects Under Development - Completed		1,817	-	-	-	1,817	-	1,817
Projects Under Development – Ongoing		4,083	9,891	-	-	13,974	1,439	15,413
Future Projects		15,449	14,127	1,000	2,547	33,122	3,949	37,071
*Gross saleable area including shares of subsidiaries, associates, joint ventures and partnership firms.								

*Gross saleable area including shares of subsidiaries, associates, joint ventures and partnership firms.

Saleable Area (‘000 sq. ft.)	Key business lines ⁽¹⁾					Rehabilita tion ⁽²⁾	*Total Saleable Area under Managem ent	
	Partnership/ JV’s our Share	Commercial	Residential	Retail	Hospitality			Total
Historical		322	100	-	-	422	1,419	1,841
Projects Under Development – Completed		742	-	-	-	742	-	742
Projects Under Development – Ongoing		1,830	4,670	-	-	6,500	605	7,105
Future Projects		8,666	5,448	333	1,263	15,711	1,701	17,412

⁽¹⁾ We derive sales and rental income directly from our residential, commercial and retail projects. This does not include townships or the Baroda Biotech Park.

⁽²⁾ Rehabilitation area developed or expected to be developed as housing for former slum dwellers free of charge under the SRS.

⁽³⁾ Represents land presently identified for residential development, but which may be developed for other purposes, subject to market conditions.

***Our commercial real estate business***

We have developed landmark commercial properties in Mumbai and Pune. We were one of the first to develop a privately held softech park, located in Mumbai. We have sought to strengthen and expand our relationships with our commercial tenants, which include leading Indian and international corporations that require high quality office and other commercial space. Several of our commercial tenants, including Tata Consultancy Services Limited, 3i Infotech Limited, Kale Consultants Limited and BNP Paribas, have rented commercial units from us in more than one of our commercial developments.

As of June 30, 2009, our commercial properties experienced a 100% occupancy rate, with the exception of Ackruti Corporate Park (K Park) Ph-I, Ackruti S Park (SMC Thane) Ph-I and DLF Ackruti Info Pune Park, which were approximately 89%, 53% and 96% occupied, respectively, and where we are evaluating the sale or lease of the remaining area.

Our completed commercial real estate developments

As of June 30, 2009, we had completed development of approximately 3.33 million square feet of saleable commercial area. The table below provides summary information as of June 30, 2009 relating to our completed commercial real estate projects.

Project Name	Saleable Area (‘000 sq. ft.)	Completion date	Our Share (%)
Ackruti Trade Centre	216	March 2003	100%
Ackruti Centre Point	214	March 2006	100%
Ackruti Business Port	139	October 2003	100%
Ackruti Softech Park ⁽³⁾	118	November 2000	100%
Ackruti Arcade	41	February 2002	100%
Ackruti Gold ⁽⁴⁾	45	June 2009	100%
Arkuti Orion	13	December 2005	100%
Ackruti Softech Park ⁽²⁾	14	November 2000	100%
Ackruti Iris ⁽⁴⁾	319	June 2009	100%
Partnership/ JV's⁽¹⁾			
DLF Ackruti Info park Pune, Phase – I ⁽⁴⁾	1,890	March 2009	40%
Ackruti Corporate Park- Ph-I	163	September 2008	40%
Ackruti S Park- Ph-I	154	October 2008	50%
Swargate, Pune ⁽⁴⁾	7	June 2009	90%

⁽¹⁾ Represents the total square footage of development undertaken by our joint venture, not our proportionate interest in such square footage.

⁽²⁾ This refers to the portion of Ackruti Softech Park that has been sold.

⁽³⁾ This refers to the portion of Ackruti Softech Park that has been leased.

⁽⁴⁾ Denotes the constructed portion of the projects.

Examples of our completed commercial real estate projects include:

Ackruti Trade Centre: An office tower completed in March 2003, Ackruti Trade Centre, located in MIDC, Andheri (E), Mumbai, consists of approximately 216,000 square feet of saleable commercial area. Ackruti Trade Centre is seven storeys high, with a two-level basement car park and a roof terrace garden and cafeteria space. The building's features include imported structural glazing using toughened glass, an atrium with a glass dome roof providing natural light, imported high speed elevators, Italian marble flooring and high ceilings. Ackruti Trade Centre houses our headquarters and has as principal occupants Tata Consultancy Services Limited, Kale Consultants Limited, Goldshield, 3i Infotech Limited and Canara Bank.

Ackruti Centre Point: An office tower completed in March 2006, Ackruti Centre Point, located in MIDC, Andheri (E), Mumbai, consists of approximately 214,000 square feet of saleable commercial area. Ackruti Centre Point is eight storeys high and has a two-level basement car park. The building's features include state of the art computerised elevators and structural glazing with toughened glass. The principal occupants of Ackruti



Centre Point include Mphasis Limited, 3i Infotech Ltd., BNP Paribas, Value Electronics Ltd. (a member of the Tata Group) and Woolworth's.

Ackruti Business Port: An office tower completed in October 2003, Ackruti Business Port, located in MIDC, Andheri (E), Mumbai, consists of approximately 139,000 square feet of saleable commercial area. It is six storeys high and has a basement level car park. The building's features include high speed elevators imported from Korea, aluminium glazing with tinted glass and marble and granite finishing. The principal occupant of Ackruti Business Port is Tata Consultancy Services Limited.

Ackruti Corporate Park (K-Park) Ph-I: A corporate park completed in September 2008 that is in the suburban location of Kanjurmarg, Mumbai and consists of approximately 163,000 square feet of saleable area. It is comprised of three floors of saleable area and a two-level car park with parking space for 450 cars.

Ackruti S Park (SMC) Ph-I: Ackruti S Park was completed in October 2008 and consists of approximately 154,000 square feet of saleable area in the prime location of Thane, near Mumbai. It comprises of four floors of saleable area and a basement level car park.

Our commercial real estate projects currently under development

We are currently developing a number of commercial real estate projects. As of June 30, 2009, we had commenced development of approximately 4.97 million square feet of saleable commercial area independently or in conjunction with our joint venture partners. The table below provides summary information as of June 30, 2009 of our commercial real estate projects currently under development:

Project Name	Saleable Area ('000 sq. ft.)	Scheduled completion date
Our projects		
Ackruti Greenwood	142	March 2012
Ackruti Gold ⁽¹⁾	37	March 2010
Ackruti IRIS	709	December 2011
Partnership/ JV's ⁽²⁾		
Shastrinagar	206	June 2011
DLF Ackruti Info Park, Pune Ph II	3,500	March 2012
BKC Slum	159	October 2011
Shankarwadi	192	July 2011
Swargate	25	December 2009

⁽¹⁾ Undertaken by our subsidiary Vishal Tekniks Civil Private Limited.

⁽²⁾ Represents the total square footage of development undertaken by our joint venture, not our proportionate interest in such square footage.

Examples of our commercial real estate projects currently under development include:

Ackruti IRIS: A commercial building that is expected to be completed in December 2011. When completed, we expect Ackruti IRIS, located in Saiwadi, Andheri, Mumbai to consist of approximately 709,000 square feet of saleable area. Upon completion, we expect Ackruti IRIS to consist of two towers, each ten storeys high, with a connecting passageway at basement level. This building is strategically located with easy accessibility to the Western Express Highway, the SV Road and Andheri Railway Station, and will have a multi-level car park with parking space for about 1,500 cars.

Our future commercial real estate projects

We are currently planning to develop approximately 16.27 million square feet of commercial property, a majority of which is scheduled to be completed within the next three to five years. We intend to market these properties to multinational clients and leading Indian commercial firms. A key element of our growth strategy in this area is to cater to the expansion plans of our commercial clients in India and thereby cater to their growing commercial real estate requirements. We maintain close contact with our commercial clients and obtain information as to their future commercial real estate needs through periodic client site visits and interviews and through the use of property consultants.



The table below provides summary information as of June 30, 2009 relating to our future commercial real estate projects:

Project Name	Saleable Area ('000 sq. ft.)	Scheduled completion date
Our projects		
Manav, Bhandup, Mumbai	521	September 2012
Culture Cricket Academy, Bandra, Mumbai	288	December 2012
Ulsoor, Bengaluru	11	August 2010
Partnership/ JV's ⁽¹⁾		
Jaipur	1,087	August 2011
Bhivandi, Thane	2,018	March 2012
GSRTC – Central Bus Station	458	March 2012
GSRTC – Makharpura	586	March 2012
GSRTC – Lambe Hanuman	2,014	March 2014
GSRTC – Adajan	479	March 2012
GSRTC – Mehsana	1,167	September 2013
Mumbai SEZ ⁽²⁾	7,570	November 2018
Kandivali (E) Station, Mumbai	37	May 2012
Haji Gani Chawl, Mumbai	22	May 2011
Saroj Building, Mumbai	11	September 2011

⁽¹⁾ Represents the total square footage of development undertaken by our joint venture, not our proportionate interest in such square footage.

⁽²⁾ Pertains to the commercial portion of the Mumbai SEZ.

Other commercial real estate projects

We plan to develop the Baroda Bio-tech project on a PPP basis. This project has been awarded to a consortium consisting of The Chaterjee Group ("TCG") and us (the "Ackruti-TCG Consortium") through a competitive and global bidding process conducted by the Gujarat government. The project is being executed by Ackruti-TCG Consortium. The total area of the land on which the project is being executed is 708 acres. The project will be marketed to all types of biotechnology enterprises. A portion of the Baroda Bio-tech project will also be developed to provide life style amenities so that skilled workers can live and work in this space. The location of this project is in Savli (14 km from Baroda Airport). This project is being undertaken as a partnership among the Gujarat government, TCG and us. Our share of the equity in this project is more than 66% while that of TCG is 23% and that of the Gujarat government is 11%.

The Mumbai SEZ project is being executed through the Zeus Infrastructure Private Limited special purpose vehicle, which is being jointly promoted by Ackruti City Ltd (33.33%), DLF (33.33%) and Mutha Group (33.34%). The project envisages a total saleable area of approximately 15 million square feet comprising multiple formats of development, each suited to a specific customer requirement for residential, commercial and retail space. This project is strategically located in the high growth corridor on the Eastern Express Highway. The site has excellent connectivity to road networks, suburban rail networks and domestic and international airports. The site is in proximity to the emerging business districts of Thane, Mulund and Navi Mumbai.

Our residential real estate business

We develop multi-unit apartment buildings, with apartments ranging from one bedroom apartments to higher end, five bedroom apartments. Since our inception, we have developed approximately 1.23 million square feet of residential area for sale to customers. As of June 30, 2009, we had approximately 11.66 million square feet of additional saleable residential area under construction. In addition, we have acquired development rights in respect of land for the future development of approximately 15.36 million square feet of saleable residential area.

*Our completed residential real estate developments*

Our completed residential developments are all located in Mumbai. As of June 30, 2009, we had completed development of approximately 1.23 million square feet of saleable residential area independently or in conjunction with our joint venture partners. The table below provides summary information as of June 30, 2009 relating to our completed residential projects in Mumbai:

Project Name	Saleable Area ('000 sq. ft.)	No of Units	Construction start date	Completion date
Our projects				
Ackruti Niharika	326	315	November 1998	January 2006
Ackruti Elegance (A & B Wing)	106	153	September 2004	July 2005
Ackruti Erica	84	65	April 2004	March 2007
Ackruti Sunmist ⁽¹⁾	28	34	October 2007	June 2009
Partnership/ JV's ⁽²⁾				
Ackruti Aneri	80	119	July 1998	September 2003
Ackruti Orchid Park 'A' & 'B'	73	108	August 2004	December 2005
Ackruti Aditi	14	37	October 1997	June 1999
Ackruti Orchid Park C to I wing	379	418	February 2005	March 2008
Ackruti Classic	12	14	February 2001	March 2002
Ackruti Aditya	29	35	December 1998	May 2000
Ackruti Aastha	25	10	June 2001	August 2003
Ackruti Laxmi	16	20	July 2001	May 2003
Ackruti Aditya (Ext)	15	13	September 2004	January 2006
Tilak Road, Pune ⁽¹⁾	25	29	October 2008	June 2009
Vedant ⁽¹⁾	21	25	September 2008	June 2009

⁽¹⁾ Denotes the constructed portion of the projects.

⁽²⁾ Represents the total square footage of development undertaken by our joint venture, not our proportionate interest in such square footage.

Examples of our completed residential real estate projects include:

Ackruti Niharika: This is a residential complex was completed in January 2006 and consists of six buildings. The Ackruti Niharika complex, located in Andheri (E), Mumbai, has 315 residential units and approximately 326,000 square feet of saleable residential area. Each of the six buildings is 12 storeys high. Moreover, the Ackruti Niharika complex has a basement level car park and a fully equipped gymnasium. Each unit in this complex features modern materials, fixtures and fittings, including vitriform flooring and granite kitchen work surfaces. All units in Ackruti Niharika have been sold.

Ackruti Aneri: This residential complex was completed in September 2003 and consists of five buildings. The Ackruti Aneri complex, located in Marol, Andheri (E), Mumbai, has 119 residential units and approximately 80,000 square feet of saleable residential area. Each of the five buildings is eight storeys high. Moreover, the Ackruti Aneri complex contains a health club and gymnasium. Each unit in this complex features granite flooring, gypsum plaster, aluminium sliding windows and decorative window and door grills. All units in Ackruti Aneri have been sold.

Ackruti Elegance (A & B-Wing): This residential tower was completed in July 2005 and is located in Mulund (E), Mumbai. Ackruti Elegance (A&B-Wing) consists of 153 residential units and approximately 106,000 square feet of saleable residential area. It is twelve storeys high and has a ground floor level car park. All units of Ackruti Elegance (A&B-Wing) have been sold.

*Our residential real estate projects currently under development*

We are currently developing a number of residential real estate projects, all of which are located in Mumbai. As of June 30, 2009, we have commenced development of approximately 11.66 million square feet of saleable residential area independently or in conjunction with our joint venture partners. The table below provides summary information as of June 30, 2009 relating to our residential real estate projects currently under development:

Project Name	Saleable Area (^ 000 sq. ft.)	Estimated year of completion
Our projects		
Ackruti Solitaire (Mount Mary)	316	May 2012
Ackruti Greenwood	763	March 2012
Ackruti Princess (Mayan agar)	150	December 2011
Ackruti Sun Mist	235	June 2010
Partnership/ JV's⁽¹⁾		
Emperor Towers (Tulsiwadi)	1,910	December 2014
Ackruti Country wood	3,251	March 2015
Ackruti Emerald (BIT)	126	June 2011
Ackruti Turf View (Rajeevnagar)	36	December 2010
Ackruti Shikhar	85	December 2010
Tilak Road (Sadashivpeth)	62	December 2009
IVIL	3,398	March 2014
Vedant	125	March 2010
Ackruti Gardenia	1,208	December 2012

⁽¹⁾ Represents the total square footage of development undertaken by our joint venture, not our proportionate interest in such square footage.

Examples of our residential real estate projects currently under development include:

Ackruti Princess: This residential building is scheduled to be completed in December 2011. Upon completion, Ackruti Princess, located in Worli Sea Face, Mumbai is expected to have approximately 0.15 million square feet of saleable residential area.

Emperor Towers: This residential complex is scheduled to be completed in December 2014. Upon completion, Emperor Towers, located in Mahalaxmi Race Course, Mumbai, will consist of two towers and is expected to have approximately 1.91 million square feet of saleable residential area. In addition to residential space, Emperor Towers will contain retail space and a multi-level car park. Its towers are expected to be among the tallest structures in Mumbai.

IVIL: This residential tower is scheduled to be completed in March 2014. Upon completion, IVIL, located in Ghatkopar (East), is expected to have approximately 3.40 million square feet of saleable residential area.

*Our future residential real estate projects*

We are currently planning various residential real estate projects intended to cater to the residential housing needs of many segments of Indian society, ranging from one bedroom to five bedroom apartments. We intend to develop approximately 15.36 million square feet of saleable residential area in Mumbai and other cities, the majority of which is scheduled to be completed within the next three to five years. As a new line of business, we also intend to carry out the development of townships. The table below provides summary information as of June 30, 2009 relating to our future residential real estate projects.

Project Name ⁽¹⁾	Saleable Area (`000 sq. ft.)	Scheduled completion date
Ackruti Lake Wood (Voltas)	926	September 2012
Swami Samarth Developers	1,425	March 2014
Mumbai SEZ ⁽²⁾	6,570	November 2017
Mazgaon	421	September 2013
Kandivali East High way	1,119	March 2015
Chembur	1,600	March 2014
Pedder Road	13	September 2011
Yogiraj	111	September 2013
Adyashakti	164	September 2013
Ambedkar	27	March 2013
RTO Project	2,575	June 2014
Ackruti Jewell	102	September 2012
Commercial Construction	309	December 2012

⁽¹⁾ Represents the total square footage of development undertaken by our joint venture, not our proportionate interest in such square footage.

⁽²⁾ Pertains to the residential portion of the Mumbai SEZ.

*Our retail real estate business**Our completed retail real estate projects*

As of June 30, 2009, we had completed Ackruti Elite Plaza, a retail real estate project of approximately 0.11 million square feet. The table below provides summary information as of June 30, 2009 relating to our completed retail project in Mumbai.

Project Name	Saleable area (`000 sq. ft.)	Construction start date	Completion date
Our Projects			
Ackruti Elite Plaza Tower	110	July 2003	November 2008

Ackruti Elite Plaza Tower: This retail facility was completed in November 2008. Ackruti Elite Plaza Tower, located on Bhulabhai Desai Road, Mahalaxmi, Mumbai, has approximately 37,000 square feet of saleable area. It is three storeys high and has a two-level basement car park. Adjoining the Ackruti Elite Plaza is an innovative car park tower, Ackruti Elite Car Park, which features a fully automated and mechanised car parking system imported from Germany and developed on a small plot of land measuring only approximately 18m x 18m. This car park is 20 storeys high and has parking space for 240 cars on approximately 73,000 square feet of area. The construction of the Ackruti Elite Car Park gave us access to FSI to build Ackruti Elite Plaza Tower.

Our future retail real estate projects

We are currently planning to develop approximately 1.04 million square feet of retail area, a majority of which is scheduled to be completed within the next three to five years.

***Our hospitality real estate business******Our future hospitality real estate projects***

All of our hospitality real estate developments are future projects. Our hospitality real estate developments will consist of two projects, one in Mumbai and one in Pune. We have planned development of approximately 2.55 million square feet of saleable hospitality area in cooperation with our joint venture partners. The table below provides summary information as of June 30, 2009 relating to our future hospitality projects currently under development:

Project Name	Saleable area ('000 sq. ft.)⁽¹⁾	Anticipated completion date
Our joint venture projects		
Hindustan Mill	2310	June 2014
Dhorjee	237	December 2012

⁽¹⁾ Represents the total square footage of development undertaken by our joint venture, not our proportionate interest in such square footage.

Our future hospitality property planned in Mumbai

Hindustan Mill: Hindustan Mill is expected to be completed in June 2014. When completed, it will have a hotel, serviced apartments and some commercial component. It is expected to have approximately 2.31 million square feet of saleable area. Hindustan Mill is located in Prabhadevi, Mumbai.

Land Acquisition

We have development rights over (i) slum rehabilitation land owned by the applicable slum rehabilitation authorities, (ii) land acquired by us from third parties and (iii) land leased by us from third parties. We have developed approximately 9.34 million square feet of saleable area, of which approximately 6.51 million square feet, or approximately 70%, has been developed on land made available to us for development as a result of our involvement in slum rehabilitation projects.

Land acquisition as a result of slum rehabilitation projects undertaken in Mumbai

The majority of Mumbai's urban slums are located on lands owned by government agencies. In 1992, we began our participation in slum rehabilitation projects authorised by the SRC, which was later converted by statute in 1995 into the SRA. The SRA was established by the GoM to oversee the redevelopment of lands occupied by slum dwellers. The SRA is a special planning authority which has authority to grant development permits in respect of most government land in Mumbai occupied by slum dwellers. The MIDC, among other functions, fulfils similar functions with respect to MIDC-owned lands within a specific area of Mumbai known as the Marol Industrial Area.

The SRS was established as a means of providing housing to slum dwellers and regenerating urban areas on which Mumbai's slums are located. We believe that we are one of the most experienced developers of slum rehabilitation projects in Mumbai. As of the date of the Placement Document, we have constructed over 10,000 units in 174 buildings to house former slum dwellers in exchange for developable land or TDRs granted to us by the GoM. We believe that our participation in the slum rehabilitation projects has enabled us to acquire development rights over a significant amount of urban land in Mumbai at a relatively low cost.

Process

Under the SRS, the SRA and the MIDC each have power to authorise real estate developers to rehabilitate land areas owned by the SRA and MIDC, respectively, which constituted slum lands as of January 1, 1995. Certain areas of Mumbai are recognised as slums by the SRA and MIDC. Pursuant to their respective slum rehabilitation schemes, upon the consent of 70% of eligible slum dwellers, namely those who have been occupants of the relevant slum since at least January 1, 1995, a developer may present redevelopment plans to the SRA or MIDC, as appropriate, for governmental review and approval. The SRA or MIDC, as the case may be, notifies its approval by providing the developer with a “Letter of Intent”, setting forth the area on which the development of residential space for the slum dwellers will occur and the area that the developer is entitled to develop for its own purposes. A further approval, known as an intimation of approval, is obtained by the developer from the applicable agency for its specific building plan. Pursuant to the intimation of approval, construction on the slum rehabilitation project must commence within 90 days of approval. Once these approvals have been obtained, and upon commencement of the slum redevelopment by the developer, the developer makes arrangements to provide temporary accommodations to the eligible slum dwellers, enabling their relocation out of the land to be developed. The developer then proceeds to develop a building on the slum land consisting of residential units of at least 269 square feet each for the eligible slum dwellers.

Upon completion of the residential buildings developed for the eligible slum dwellers, such residential buildings are inspected and a certificate of occupation is granted by the SRA or MIDC, as the case may be, if such residential buildings are deemed satisfactory. The certificate of occupation for the buildings developed for the developer's own purposes, which certificate entitles occupancy of a building, cannot be granted until the buildings required to house eligible slum dwellers have been completed and inspected. Eligible slum dwellers are given, at no charge, an apartment within the newly constructed residential building, commonly known as a rehabilitation building, upon its completion. After ten years of occupation in the newly constructed rehabilitation building, the slum dweller is free to sell, lease or transfer his apartment to third parties. The SRA or MIDC, as the case may be, canvasses slums which are to be redeveloped to compile lists of eligible slum dwellers entitled to receive redeveloped housing. Slum dwellers removed from the land who are not eligible to receive redeveloped housing are not entitled to compensation.

Housing slum dwellers in newly constructed multi-storey apartment towers frees a significant amount of land area within the slum for other development. As compensation for the construction of new housing for former slum dwellers, the SRA or MIDC, as the case may be, grants the real estate developer the right to develop a building on the cleared slum land freed by such redevelopment, which building the developer may then occupy, sell or lease for its own account. The size of the area granted to the developer for its own purposes is of the same or lesser square footage as the apartment building which was constructed by the developer for the slum dwellers. On the cleared slum land, the developer may construct commercial, residential or retail buildings as it chooses, subject to site plan approval of the SRA or MIDC, as the case may be.

On the piece of the land developed by the developer for its own purposes, the developer (or a cooperative society comprising persons to whom the units have been sold) will receive a long-term lease for an initial term of 30 years. The term of the lease is extendable for an additional term of 30 years and at a nominal rental amount. The parties to such leases are the developer (or a cooperative society comprising persons to whom the units have been sold) and the relevant land owning authority whose lands had been occupied by slums. These leases may be further extended for additional periods of time at such rental amounts as may be at such time commercially agreed by the relevant land owning authority.

With regard to the part of the former slum land handed over to the former slum dwellers, leases are entered into by the relevant land owning authority and a cooperative association required to be established by each developer to represent the former slum dwellers. It is stated in the GoM's original Letter of Intent how much of the former slum land on the slum dwellers' side must be reserved for public use (for example, for roads and other amenities). After construction of an apartment building for the slum dwellers and construction by the developer of a building for its own purposes, any excess land within the redeveloped slum reverts to the GoM. In the event that it is not possible, due to insufficient space on the redeveloped slum land plot or applicable planning restrictions, for the developer to construct an additional building of the same square footage as the building that was provided by the developer to slum dwellers, then the GoM will issue to the developer TDRs for the balance of the undeveloped building area, which the developer may use in respect of another development elsewhere in the city, subject to zoning regulations (but in any event outside the island city of Mumbai), or sell to a third



party. There is an active market in Mumbai for TDRs, which are freely transferable between developers. We have in the past received TDRs as a result of our involvement in slum rehabilitation projects. We have derived revenues from the sale of TDRs to third parties.

The principal financial advantage to us of developing land as part of slum rehabilitation schemes is that we are not required to pay substantial, one-off land purchase costs at the beginning of each project in order to acquire the use of such land. Our experience has been that the cost to us of building an additional building to house slum dwellers tends to be significantly less than the purchase costs for comparable land that we would otherwise incur by purchasing land from third parties. As a result, we believe that it is less costly for us to construct a building on slum land for slum dwellers in exchange for land development rights on the resulting cleared former slum land, or in exchange for TDRs, than it is to purchase comparable urban land from third parties in Mumbai for development purposes. Our financial exposure in respect of slum lands is also reduced in respect of the risk that a planned development does not proceed for any reason since we do not incur land acquisition costs at the outset of slum rehabilitation projects. Similarly, our use of slum rehabilitation schemes to procure land for our own development purposes also provides us the benefit of protection against future increases in land purchase prices.

Our successful redevelopment of various slums in Mumbai has also afforded us credibility with stakeholders such as government agencies and affected slum dwellers, which we believe will be of assistance in our obtaining the approvals and consents required for future slum rehabilitation projects that we hope to undertake in Mumbai.

Projects undertaken to obtain TDRs or land development rights from government agencies

We have performed certain miscellaneous development projects in Mumbai, such as the development of a car park on municipally owned land, and the development of housing for persons displaced by the widening of municipal roads, for the purpose of obtaining TDRs or land development rights over neighbouring land.

In 2006 we completed a project for the Mumbai Metropolitan Regional Development Authority ("MMRDA") through a joint venture, the Hiranandani-Ackruti joint venture, consisting of the construction of approximately 40 residential buildings for the GoM to house persons displaced by the expansion of roads by the MMRDA. As consideration for development of these residential buildings, our joint venture received certain TDRs. These TDRs were sold during the year ended March 31, 2006, and our share of the income from the sale of the TDRs was Rs.280.83 million.

We have also developed on a PPP basis with the Municipal Corporation of Greater Mumbai the Ackruti Elite Car Park, which features a fully mechanised car parking system imported from Germany and developed by us on a plot of land measuring approximately 18m x 18m. This car park is 20 storeys high and contains parking space for 240 cars. We have received the right to operate and retain revenues from this car park for five years from the date of receipt of Occupancy Certificate, at the end of which we are obligated to transfer the Ackruti Elite Car Park to the Municipal Corporation of Greater Mumbai. As additional compensation for undertaking this project, we had received development rights over a neighbouring parcel adjoining the site of the Ackruti Elite Car Park, on which we have developed a commercial shopping mall, the Ackruti Elite Plaza.

Private purchases of land

In the regular course of our business, we also purchase land and development rights from various third parties, including private sector land owners, other real estate development companies and government agencies. It is our normal practice to evidence our preliminary agreements to purchase land in the form of a memorandum of understanding. Formal conveyance of land by the seller (at which time stamp duty becomes payable) is completed only shortly before construction is due to start and after all requisite governmental consents and approvals have been obtained. As a result, our land acquisition activities are subject to the risk that sellers may during such time identify alternative purchasers to whom they ultimately convey the land.

***Future land acquisition elsewhere in India in "Economic Weaker Sections"***

Other municipal and state governments are beginning to replicate Mumbai's SRS. For example, the states of Rajasthan and Karnataka have recently begun implementing similar programmes in relation to areas (known as "economic weaker sections") on which there are slum dwellers. We are presently taking steps to diversify our operations geographically to include participation in slum rehabilitation schemes outside Mumbai by responding to offers for tenders for such work. Given our experience in slum rehabilitation projects, we believe that we are well placed to take advantage of the increasing number of emerging slum rehabilitation schemes or comparable development opportunities in other locations outside Mumbai.

Land available to us for development

The table below illustrates the amount of land that we have rights to develop and on which we are currently developing projects or on which, as of June 30, 2009, we intend to develop projects. This table categorises the land available to us for development on the basis of the intended use of such land and whether such land is being or will be developed by us independently or in cooperation with joint venture partners.

Land Area ('000 sq. ft.)		Key business lines			
Our projects	Commercial	Residential	Retail	Hospitality	Total
Projects Under Development – Ongoing	177	713	-	-	890
Future Projects	456	426	18	-	899
Partnership/ JV's ⁽¹⁾	Commercial	Residential	Retail	Hospitality	Total
Projects Under Development – Ongoing	2,750	9,395	-	-	12,145
Future Projects	9,248	6,827	460	455	16,990
Total	12,630	17,361	478	455	30,924

⁽¹⁾ Represents the total square footage of development undertaken by our joint venture, not our proportionate interest in such square footage.

The table below also illustrates the amount of land that we have rights to develop and on which we are currently developing projects or on which, as of June 30, 2009, we intend to develop projects, but categorises the land available to us for development on the basis of on the basis of the intended use of such land and whether such land is land granted to us as a result of our participation in slum rehabilitation projects or land acquired or leased by us from third parties.

Land Area ('000 sq. ft.)		Key business lines			
Land through slum rehabilitation	Commercial	Residential	Retail	Hospitality	Total
Projects Under Development – Ongoing	409	1,270	-	-	1,680
Future Projects	30	2,589	-	-	2,619
Land through acquisition or lease from third parties	Commercial	Residential	Retail	Hospitality	Total
Projects Under Development – Ongoing	2,518	8,838	-	-	11,355
Future Projects	9,673	4,663	478	455	15,270
Total	12,630	17,361	478	455	30,924

**Participation in joint ventures, partnership and other forms of cooperation**

We undertake a significant number of projects through joint ventures, partnerships and other forms of cooperation with third party developers. For example, we are presently developing with the DLF Group and the Shapoorji Pallonji Group a large plot of land in Mahalaxmi, Mumbai comprising approximately 1.9 million square feet intended to be developed as residential apartments. Once we identify and obtain the relevant consents for a project, we frequently seek potential joint venture partners who can add strategic or financial value and resources to undertake the project with us. Our partners typically provide a certain amount of funding to the project in return for a share of the overall profits from the project upon completion. We generally seek to retain control over managing the execution of the project.

We believe that our collaboration with other developers on our projects enables us to spread the financial risk of developing each project and helps to mitigate any initial cost outlay incurred in purchasing land for development or otherwise. By working with other parties, we believe that we are able to enhance our execution capabilities and take on more projects simultaneously than we otherwise could undertake alone. We are sometimes also required to form a consortium to qualify to tender bids for projects from the government if the terms of the tender impose certain minimum balance sheet requirements that we would be unable to satisfy individually. We intend to identify and build relationships with local partners in other Indian cities and states in which we intend to grow our business, as well as with international partners who may have expertise in specific aspects of real estate development.

Our partnerships and joint ventures are generally unincorporated joint ventures, although in some cases a special purpose vehicle is incorporated to undertake the development of a specific project. Financing is arranged and a joint bank account with our partners is established in relation to each joint venture project. We occasionally enter into such joint ventures or partnerships through our subsidiaries/associates.

Potential New Lines of Business

In order to further diversify our business, we are evaluating and may undertake in the future the development of new projects in other areas of the real estate development industry, including those described in further detail below.

Large scale theme-based townships

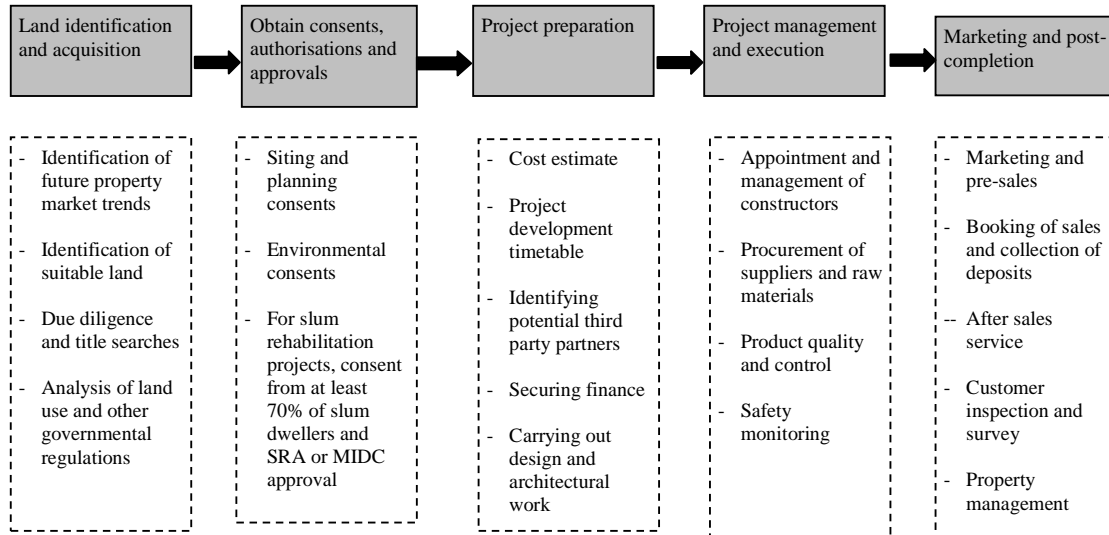
We intend to develop a large theme-based township covering almost 2,000 acres, which we envisage would include residential and commercial developments, retail facilities and infrastructure buildings, roads and public amenities. Thus far we have identified a property site situated on the highway between Mumbai and Pune, which we anticipate will be the first of such developments, and we are in the process of completing our due diligence on this site. We would envisage acting as master developer in relation to this project and would enlist the services of a variety of sub-contractors. In addition, we may sell portions of the land earmarked for such project to, or grant development rights under lease to, other developers.

Additional potential future projects

In the event that appropriate development opportunities are identified, we intend to further diversify our lines of business into additional types of development, such as bio-technology parks, hotels and serviced apartments. In addition, we may, if appropriate development opportunities arise, seek to conduct business activities outside of India.

OUR PROJECT EXECUTION METHODOLOGY

We utilise in our business a five-part execution methodology for our projects that consists of (i) land identification and acquisition, (ii) the obtaining of consents, authorizations and approvals required for development, (iii) project preparation, (iv) project management and execution and (v) marketing and post-completion. A summary of the activities involved in these five phases of project development phases are set out in the following chart:



Land identification and acquisition

We have a dedicated team within our marketing department that analyses and monitors existing and future customer profiles and requirements, industry economics, property market trends and government policies. This team identifies both areas within Mumbai and in other cities and regions that have development potential. We also use the feedback that we receive from customers, along with our relationships with property consultants, constructors, sub-contractors and suppliers to assess future market demand and industry outlook.

Prior to undertaking each project, we conduct due diligence and assessment exercises in relation to immovable properties and financial viability of the project. Once we have identified a plot that may be suitable for development, we, together with our lawyers, conduct due diligence investigations in respect of land that we desire to develop, including a review of land records, planning records and ownership records, and publish a notice in newspapers requesting any persons claiming ownership of the land to state their claims. Assuming that our investigations show no significant problems with the identified land, we will enter into negotiations to seek to reach a preliminary agreement with the landowners, either to acquire the underlying land ourselves or to enter into a development agreement with them. This preliminary agreement will usually be memorialised in a memorandum of understanding. Formal conveyance of land by the seller (at which time stamp duty becomes payable) is completed only shortly before construction is due to start and after all requisite governmental consents and approvals have been obtained.

Obtaining consents, authorisations and approvals

Once we have identified and reached a preliminary agreement to acquire development or ownership rights over a plot of land, we seek requisite governmental consents and approvals, including siting, planning and environmental approvals. We are experienced in working with governmental authorities to obtain such approvals. This experience has given us a good understanding of the regulatory framework in which we operate, thereby enabling us to obtain requisite government approvals on a timely basis and to obtain approval for the development of the maximum permitted square footage given the size of each plot.



Prior to any construction taking place on slum land that is eligible for redevelopment, developers are required to obtain the consent of at least 70% of the eligible slum dwellers situated on the land identified for development and the consent of the applicable slum dwellers' cooperative association. Once the requisite consents have been obtained and documented, detailed development proposals are then submitted for approval to the SRA or MIDC, as the case may be, along with all relevant supporting documentation. We are experienced in liaising and negotiating with slum dwellers, the SRA and MIDC.

Project preparation

Shortly after we have identified a potential development site, we evaluate and estimate the costs which will be incurred in relation to each project and establish a timetable for project development and completion. This process is undertaken by our engineering department, who receive input from our purchasing department in relation to estimated sub-contracting costs and supply and raw materials costs.

At this stage, depending on the size of the project, we may approach third parties to enter into a joint venture or partnership in respect of a project. Identification of, and negotiations with, these third parties is carried out by our management.

Also, at this stage we obtain financing for the project. We fund all of our projects through project-specific bank borrowings, which are repayable at the end of each project. We work with several different Indian banks to satisfy our working capital needs in respect of our projects. Our finance department, and ultimately our chief finance officer, is responsible for obtaining all financing, including loan facilities, for each project.

We employ a large, experienced team of architects and, after a detailed review of the site parameters, project cost estimate and project development timetable, we formalise an architectural brief which is subsequently finalised either internally or with selected external architects and consultants, depending on the size and complexity of the project.

Project management and execution

In 1989, we commenced our real estate development work and undertook our first residential development project. Initially, we directly executed most of the construction work for our own projects on our own. However, since the mid-1990s we have moved away from carrying out our own construction work and instead sub-contract the construction of projects to third party contractors, thereby enabling us to focus on project management and leveraging the scale of our real estate development capability. We believe, however, that our prior construction experience enables us to understand the issues faced by third party contractors and the way in which our external constructors work. All of our current projects are carried out using the services of third party contractors. We work with approximately 15 to 20 third party contractors and believe that we have good, long-standing working relationships with them.

We tend to procure the basic building materials for our projects, such as steel and concrete, directly from Indian suppliers. We have suppliers that we regularly use and with whom we have good, long-standing working relationships. Most of the building materials we procure are sourced from India; however, we also sometimes import supplies from other countries when to do so would provide us with better quality, higher-technology or more cost-efficient materials. Certain other raw materials or supplies are supplied by our contractors.

We closely monitor the development process, construction quality, safety, actual and estimated project costs and construction schedules of our projects. In particular, we endeavour to maintain high health and safety standards in all our real estate developments and place great emphasis on the safety of our employees, contractors, contractors and the general public. Our site office and engineering department is ultimately responsible for site safety during project execution.

Marketing and post-completion

Our marketing department is responsible for procuring customers, both sales and rental, for the units in our developments and for conducting pre-sales. We market our units through marketing techniques such as newspaper, internet and billboard advertising, launch events and corporate presentations. We also cooperate with international property consultants, who refer potential customers to us. We do not, however, engage on an



exclusive basis the services of any real estate brokerage or mortgage lender in connection with the sale or lease of our developments.

A significant number of our residential development units are pre-sold prior to completion of the development. In connection with our pre-sales of residential units, we require that customers pay advances on the purchase price, which advances our residential customers are required to increase in amount as we progress through various milestones or stages of construction of their residential unit. Our marketing department is responsible for the booking of sales once customers are identified and collects all customer deposits.

We typically sell to Indian public or private sector financial institutions our rights to receive rental payments due to us under leases that we have entered into in respect of our commercial properties. This results in us receiving a lump sum payment from the financial institution in exchange for the financial institution acquiring the right to receive all future payments under a lease. The financial institution will receive rent payments directly from our tenants, usually for a term of 11 years. Upon the completion of this 11 year term, the right to receive rental amounts paid in respect of our property reverts to us. We have adopted this securitisation strategy with respect to our rental properties in order to be able to receive funds up-front upon the completion of a project and the renting of a particular unit, while still capturing upon the conclusion of the securitisation term any appreciation in capital value that may have occurred during such period.

We seek to foster good relations with our customers and to keep in touch with them by sending periodic newsletters and mail. In each of our developments we will provide all of our customers with a pre-occupancy inspection with our site engineer as well as with a customer survey encouraging constructive feedback on our developments. We actively follow up with the collection of these surveys.

We manage our entire commercial and retail properties and, in respect of our residential developments, we also provide property management services for a limited time until co-operative resident associations are formed for the relevant residential project.

INSURANCE

Our management believes that our insurance coverage is adequate, and is in proportion to our business activities. The development of new projects involves various risks, including among others, regulatory risk and construction risk.

We maintain insurance coverage on a project by project basis either through the developer or contractor. We maintain insurance policies with leading Indian insurers such as TATA AIG Insurance, the New India Assurance Company Limited, United India Insurance Company Limited, HDFC ERGO General Insurance Company Limited, Oriental Insurance Company Limited, Life Insurance Corporation of India and ICICI Lombard General Insurance Company Limited. Such policies cover our assets and operations of our projects. For each project under development, we obtain contractors all risk insurance policy, workmen compensation policy and standard fire and special perils policy. Further, for every completed project of ours, the owner or the relevant co-operative housing society of each such completed project has the burden of obtaining and maintaining such insurance, depending on nature of the project with the party having such burden depending on nature of such project. The insurance coverage that we procure varies with respect to each project, but generally includes coverage for fire, building, stock contents, earthquake, burglary, flood, accident, casual workers, labourers, supervisors and matters typically covered by general liability insurance. Under the general liability insurance, we are insured against legal liability to pay damages for third party civil claims arising out of bodily injury or property damage caused by an accident during project execution. We also procure insurance in respect of terrorism risk with respect to certain of our real estate projects.

We require that our construction contractors obtain and maintain workmen's compensation and general liability insurance naming us as an additional insured party. As a result, we do not maintain any insurance coverage of our own for contractor-related construction risk. We also do not carry coverage for contractor's liability, timely project completion, loss of rent or profit, construction defects or consequential damages in the form of tenant's lost profits.

Further, we also maintain directors' and officers' liability insurance in respect of our directors and officers.



EMPLOYEES

Our Employees

We employ many qualified and skilled employees and all our senior management, including the heads of each department, are professionally qualified. Our professionally qualified staff includes engineers, design consultants, marketing specialists, treasury officers, costing consultants, procurement officers and accountants.

We have historically engaged a significant portion of our workforce by contracting with a promoter group company in which we have a 5.41% equity interest, Citygold Management Services Pvt Limited ("Citygold"), on a non-exclusive basis for the provision of project management and architectural services. Citygold provides such services to our Company as well as to third parties. As compensation for providing services to us, Citygold receives payments from us at a capped percentage of project cost. Citygold is not a subsidiary of our Company, and we do not consolidate our accounts with that company. Until November 2005, we did not directly employ any employees, and instead engaged all of our employees through Citygold. In that month we began to hire employees directly for the first time in our history by migrating staff from Citygold to our own payroll.

Training and development

We place great emphasis on training and developing our staff and provide regular, weekly training to our staff through lectures and workshops given by both our senior staff and external speakers. We recognise that our senior employees have a significant amount of experience and knowledge which can be passed on to our junior staff.

In addition, we have recently founded the Real Estate Management Institute (the "Institute"), based at Ackruti Centre Point. The Institute was inaugurated on August 5, 2006. The Institute will offer a two-year program of study leading to a diploma in real estate management. Target students for the Institute would include civil engineering graduates, who would have the necessary engineering expertise, but may not have as much commercial experience. We might target the best students from the Institute as future employees of our Company. The activities of the Institute, which is a for-profit entity, are supervised by certain members of our promoter group.

INTELLECTUAL PROPERTY

As on August 12, 2009, our Company has 40 registered and 89 pending trademarks. We have registered the logo "Akruti" and the word "Akruti" under various classes as defined under the IV Schedule of the Trademark Rules, 2002, among our registered trademarks. Our pending trademark applications include those in relation to the logo "Akruti", the words "Akruti City", the words "Akruti City Limited" as also the words "Ackruti", "Ackruti City" under various classes as defined under the IV Schedule of the Trademark Rules, 2002. Further, by way of a trade mark licence agreement dated September 28, 2006, we have granted one of our promoter group companies, Roopkala Pictures Private Limited, a non-exclusive, non-transferable licence to use the trade name "Akruti" in the course of its business in cities having a population of less than one million. Roopkala Pictures Private Limited has also applied for the registration of "Ackruti One World" as a trademark under class 16, 19, 35, 36, 37, 41 and 42 as defined under the IV Schedule of the Trademark Rules, 2002, and this registration application remains with the Trademark Registry, Mumbai.

In addition to the trademarks as described above, we also have a few copyrights including our device logo, composite logo in 2D, 3D and black and white effects, which our Company uses for its business on the basis of the no objection letters received from Mr. Vyomesh M. Shah, Mr. Devang Kothari and Mr. Pradip Debnath, who are the respective owners of such copyrights.



COMPETITION

The real estate development industry in India, while fragmented, is highly competitive and we face competition in Mumbai (where our business activities are majorly focused) from other large commercial, retail and residential real estate development and construction companies in the Mumbai area such as Hiranandani Developers Limited, Raheja Group, Dhiraj Developers Limited, Kalpaturu Developers, Marathon Group and the Lokhandwala Group.

Given our expansion of our business activities in cities like Pune, Surat, Vadodara, Bengaluru and Jaipur, we may experience competition in the future from various commercial, retail and residential real estate investment and development companies with significant operations in these cities such as the DLF Group, Ansal Group, Parsvanath Developers and Unitech Limited.

We may also face competition in the future from certain foreign real estate development companies and construction firms operating in India or which in the future may enter the Indian market.

Borrowing Powers of Board of Directors

Pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the current borrowing powers of the Board of Directors of Ackruti City Limited, as approved by the shareholders of our Company is Rs.50 billion.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our consolidated financial statements are prepared in conformity with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and auditing standards in other countries with which prospective investors may be familiar. The degree to which the financial statements included in this Placement Document will provide meaningful information is dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance on the financial disclosures presented in this Placement Document by persons not familiar with these Indian practices, law and rules should be limited. We have not attempted to explain these differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on the financial data herein.

Our actual results and the timing of selected events could differ materially from those anticipated in forward-looking statements contained in this discussion as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this Placement Document. See the section entitled "Forward Looking Statements".

Our fiscal year ends on March 31 of each year, so all references to a particular "fiscal year" are to the 12-month period ended March 31 of that fiscal year.

OVERVIEW

We are a real estate development company based in Mumbai, India. At present, our primary business is the development of commercial and residential properties. Our operations include the identification and acquisition of land and land development rights and the planning, execution and marketing of our projects. Our commercial business operations involves us developing, selling and leasing of commercial office space, including office towers and information technology parks, with a focus on properties attractive to the information technology ("IT"), information technology enabled services ("ITES") and business processing outsourcing ("BPO") enterprises. Our residential business operations involve us developing multi-unit residential apartment buildings with residences ranging from one bedroom flats to higher end five bedroom flats.

A key focus area of our business has been real estate development on slum rehabilitation land, pursuant to the Slum Rehabilitation Scheme ("SRS") initiated by the GoM in 1992, whereby in return for developing new residential buildings for former slum dwellers, the GoM grants us either the right to develop a proportion of former slum land for our own purposes or Transferable Development Rights ("TDRs"), which permit us to develop land in certain parts of Mumbai located outside the relevant slum area. Since undertaking our first real estate development project in 1989, we have developed approximately 9.34 million square feet of developed area, of which approximately 6.51 million square feet, or approximately 70%, has been developed on land made available to us for development through our participation in slum rehabilitation projects. We have developed new dwellings on, and handed over free of charge, approximately 4.67 million square feet of residential space on these slum rehabilitation lands to provide housing for former slum dwellers. We have used the remaining slum rehabilitation lands made available to us to develop approximately 1.84 million square feet of saleable area as commercial, residential and IT park projects. Our participation in slum rehabilitation projects in Mumbai has allowed us to obtain strategically located land for our real estate development projects at a lower cost than we would have otherwise incurred for the purchase of comparable, developable urban land in Mumbai. The balance development of approximately 2.83 million square feet, or approximately 30%, has been developed through non slum rehabilitation projects.

Of the approximately 9.34 million square feet of saleable area that have been developed by us since our Company's incorporation, we have developed approximately 3.97 million square feet independently, or approximately 42% of such land, and approximately 5.37 million square feet, or approximately 58%, has been developed either in partnership with other companies in the real estate sector, as part of joint venture arrangements, or as part of a consortium.

Historically, we have focused our business on real estate development in Mumbai. However, as part of our growth strategy, we have expanded into Pune, Thane, Gujarat, Jaipur and Bengaluru, and intend to expand our business into other cities, particularly where we see future potential for our operations. We also intend to further diversify our business lines by selectively exploring new concepts for large scale development projects, such as townships, serviced apartments and hotels.



In respect of our ongoing projects under development, as of June 30, 2009 we have development rights for approximately 13.04 million square feet of land area, primarily located in Mumbai and other urban areas. Of this area, approximately 1.68 million square feet represent slum rehabilitation land and approximately 11.36 million square feet represent land acquired or leased from third parties. We expect to develop approximately 19.00 million square feet on these lands, of which approximately 16.63 million square feet will be saleable area and the balance approximately 2.37 million square feet of constructed new dwellings will be handed over free of charge to former slum dwellers. In addition to the above, we expect to be granted approximately 1,00,000 square feet of TDRs.

In respect of our future projects, as of June 30, 2009, we have also initiated steps to acquire development rights over an additional approximately 17.89 million square feet of land area, primarily located in Mumbai and other urban areas. Our management expects, based on applicable zoning regulations, to develop approximately 39.34 million square feet on these lands, of which approximately 35.21 million square feet will be saleable area and the balance approximately 4.13 million square feet of constructed new dwellings will be handed over free of charge to former slum dwellers. In addition to the above, we expect to be granted approximately 414,000 square feet of TDRs.

Our sales, on a consolidated basis, have grown at a CAGR of 68.22% from Rs. 1,984.75 million for the year ended March 31, 2007 to Rs. 5,616.35 million for the year ended March 31, 2009. Our profit after tax, on a consolidated basis, has grown at a CAGR of 108.62% from Rs. 766.91 million for the year ended March 31, 2007 to Rs. 3,337.63 million for the year ended March 31, 2009.

KEY FACTORS AFFECTING OUR FINANCIAL CONDITION AND OUR RESULTS OF OPERATIONS

Our income is generated principally from our real estate development activities. A number of factors affect our financial condition and results of operations, including the following:

Timing and execution of our projects

Our results of operations significantly depend upon the number of projects under execution at various stages in each financial year. All of our projects require substantial time to complete during which we may receive little or no cash from sales (in case of commercial projects) and the number of projects that are available for sale can vary significantly from period to period. We cannot predict with certainty when our projects will be completed and sold as our project timetables are occasionally disrupted by unforeseen circumstances and are also subject to various regulatory approvals at different stages of execution.

As a result, we may record significant revenues or profits during one financial period while reporting significantly lower revenues or profits with respect to prior or subsequent financial periods. Therefore, the periods discussed in our financial statements included in the Placement Document may not be comparable to each other or to future financial periods, and our results of operations and cash flows may fluctuate significantly from period to period and over time.

Acquisition of land / land developmental rights

Our operations are dependent on our identification of and the availability of suitable land for our projects. Our growth is linked to our ability to identify and obtain land in areas where we can develop projects that are marketable to customers in all our business lines. Any government regulations, increase in the price of land or other impediments to the acquisition of land or land development rights may adversely affect our operations.

General economic and demographic condition in India and Mumbai, in particular

All our operations are currently located in India, particularly in Mumbai and the state of Maharashtra. Therefore, the economic condition of India in general and of Mumbai in particular has an impact on our operations. We believe that the success of our projects is dependent on the general economic growth of India.



Availability of financing

One of the significant drivers behind the growth of demand for housing units is the interest rate on housing loans and the ability of customers to finance their purchases. Overall, interest rates are highly sensitive to several factors including governmental, monetary and tax policy, domestic and international economic and political conditions, and other factors beyond our control. Any increase in interest rates or reduction in overall credit availability to customers will affect our results of operations.

In addition, our Company incurs floating rate indebtedness for its projects in the real estate sector. Changes in interest rates may increase our cost of borrowing and may adversely affect our profitability. Further unavailability of financing on favourable terms for ourselves may affect our financial condition and results of operations.

Cost of construction

The cost of construction is a significant factor that affects our financial results. Fluctuations in the prices and timely availability of raw materials, such as steel, cement and other construction items can significantly affect our profitability. We do not have any long term contracts for these raw materials and any increase in these inputs may significantly affect our results of operations.

Regulatory approvals

Our operations, the acquisition of land and land development rights, and the implementation of our projects require us to obtain regulatory approvals and licenses and require us to comply with the land conversion rules and regulations of a variety of regulatory authorities. We also are subject to local laws relating to real estate development activities. Any delay in getting these approvals may affect our business and result of operations. For further discussion of factors that may affect our results of operations, also refer to “Risk Factors”.

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.

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.



SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue from Construction Activity

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

Revenue from sale of incomplete projects is revenue from property under construction and is recognized on the basis of percentage of completion method. Under this method, income in respect of a project is recognised based on the project cost actually incurred as a proportion of total estimated project cost and the proportion of the estimated saleable area in the project in respect of which bookings have been made. However, if the actual project cost incurred is less than 40% of the total estimated project cost, no income is recognised in respect of that project in the relevant fiscal period. Estimates of saleable area and the related income as well as project costs are reviewed periodically. The effect of any changes to estimates is recognised in the financial statements for the period in which such changes are determined. Revenue recognized in the aforesaid manner and related costs are both restricted to 90% until the construction activity 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 / advances from customers, respectively, after considering income recognized in the aforesaid manner. Recognition of revenue relating to agreements entered into with the buyers, which are subject to fulfilment of obligations / conditions imposed by statutory authorities, is postponed until such obligations are discharged.

Based on a recommendation of our Audit and Compliance Committee, our Board has decided to modify the revenue recognition policy presently followed by our Company. Revenue will continue to be recognised on the basis of percentage of completion method; however, from the second quarter of fiscal year 2010, revenue from sales of incomplete projects will be recognized in stages upon incurring 25% of the project cost and upon receipt of 10% of unit sale consideration.

Sale of interests in projects executed through subsidiaries, associates, partnerships and joint ventures are recognised on the transfer of the respective securities, net of the carrying values of those securities.

Profit / Loss from Partnership Firms / Joint Ventures

The share of profit or revenues from firms in which the Company is a partner, and the share of profit or revenues (as agreed by the parties) in joint development agreements or other arrangements, are accounted for as per the annual statement of accounts of the partnership firm or joint venture.

Income from Leased Premises

Rental income and income received from property management services provided are accounted for on an accrual basis. Revenue on rental receipts is included in operating income.

Others

Other income and expenditure are generally accounted on accrual, as the income is earned or expenses are incurred.

Fixed Assets and Depreciation / Amortisation

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation / amortisation. 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 the sale or disposal of assets is calculated pro-rata from the date of such addition, or until the date of such sale or disposal, as the case may be.



Cost of leasehold land is amortised on a straight line basis, over the primary lease period.

Inventories

Our inventories comprise (i) "incomplete projects", which are properties under construction, (ii) "finished properties", which have been constructed but remain unsold and (iii) value of floor space index (FSI), which is a value given to our right to develop an area of land due to our participation in the Slum Rehabilitation Scheme. Work-in-progress comprise cost of land, development rights and transferable development rights, cost of construction/development and cost of materials and services and other overheads related to projects under construction and completed units that remain unsold.

'Incomplete Projects' are stated at cost or net realizable value, whichever is lower. 'Incomplete Projects' include cost of incomplete properties for which the Company has not entered into sale agreements, and in other cases where the revenue recognition is postponed. 'Incomplete Projects' also include initial project costs that relate directly to a (prospective) project, incurred for the purpose of securing the project. These costs are recognized as expenditure for the year in which they are incurred unless they are separately identifiable and it is probable that the respective project will be obtained.

Finished properties are stated at cost or net realisable value, whichever is lower. Finished properties that are being leased 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 mentioned herein. 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.

Floor Space Index (FSI) is stated at lower of Cost and the rate prescribed in the Stamp Duty Ready Reckoner issued by the State Government, for the year in which FSI is generated.

All other inventory including TDRs is stated at cost or net realisable value, whichever is lower. Cost included in inventory include costs incurred until the project is completed and include, among other things, cost of land / rights, materials, services and other expenses (including borrowing costs) attributable to the projects. Costs are calculated based on an average cost formula.

Contractual Interests in Projects Executed through Associates, etc.

Costs incurred by our Company that are allocable / attributable to the execution of development projects undertaken through our subsidiaries, associates, partnerships or joint ventures are carried at cost or net realisable value, whichever is lower. Costs incurred in executing these projects, net of recoveries made there against, are carried as "Contractual interests in projects executed through Associates" under current assets. The manner of allocation of costs to such projects and the basis of recognition of such costs are the same as for costs incurred for projects executed solely by the Company.

*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.

SUMMARY OF OUR RESULTS OF OPERATIONS

The table below sets forth the Company's consolidated profit and loss information for the fiscal years ended March 31, 2009, 2008 and 2007:

Rs. in million

Particulars	Fiscal 2009			Fiscal 2008			Fiscal 2007	
	Rs.	% of Sales and other operating income	Increase in 2009 compared to 2008	Rs.	% of Sales and other operating income	Increase in 2008 compared to 2007	Rs.	% of Sales and other operating income
Income								
Sales and Income from Operations	5,405.19	100.00%	59.46%	3,389.59	100.00%	79.39%	1,889.48	100.00%
Other Income	211.16	3.91%	-31.56%	308.54	9.10%	223.86%	95.27	5.04%
Total	5,616.35	103.91%	51.87%	3,698.13	109.10%	86.33%	1,984.75	105.04%
Expenditure								
Cost of Construction	4,185.85	77.44%	74.52%	2,398.46	70.76%	125.05%	1,065.76	56.40%
(Increase)/Decrease in inventories	-4,439.31	-82.13%	107.47%	-2,139.70	-63.13%	365.43%	-459.73	-24.33%
Employment Costs	148.7	2.75%	113.43%	69.67	2.06%	3.48%	67.33	3.56%
Administrative	369.16	6.83%	64.86%	223.92	6.61%	32.22%	169.36	8.96%
Contractual expenses	94.71	1.75%		0	0.00%		0	0.00%
Finance Expenses	1,402.25	25.94%	127.87%	615.37	18.15%	207.84%	199.9	10.58%
Depreciation	57.13	1.06%	-17.57%	69.31	2.04%	11.61%	62.1	3.29%
Profit Before Tax, Before Minority Interest And Share Of Profit / (Loss) Of Associates	3,797.86	70.26%	54.32%	2,461.10	72.61%	179.66%	880.03	46.58%
Provision for Taxation	-555.61	-10.28%	511.43%	-90.87	-2.68%	-19.13%	-112.37	-5.95%
Profit After Tax, Before Minority Interest And Share Of Profit / Associates	3,242.25	59.98%	36.79%	2,370.23	69.93%	208.76%	767.66	40.63%
Add: Share of Profit from Associates and Minority Interest	95.38	1.76%		-0.03	0.00%		-0.75	-0.04%
Profit After Tax	3,337.63	61.75%	40.82%	2,370.20	69.93%	209.06%	766.91	40.59%



Description of Income and Expenditure

Income

Sales and income from operations consists primarily of:

- Income from sale of properties / development rights / TDRs;
- Income from leasing of properties;
- Our share of net income from partnership firms or joint ventures;
- Our share of revenues or net income (as agreed by the parties) from joint development arrangements;
- Share of net income from sale of interest in our real estate projects executed by our SPVs; and
- Income from project management consultancy services.

Income from sale of properties comprises of sale from residential and commercial projects and, to a lesser extent, income from developing SEZs, retail space and IT Parks. In general, income from projects in progress is recognised under the percentage of completion method as detailed under “Significant Accounting Policies” above.

Our other income includes interest earned from loans, bank deposits and others, dividends received on investments, profit on sale of investments, gains on sales of fixed assets, foreign currency fluctuation gains, miscellaneous income and liquidated damages received. Our other income fluctuates principally depending upon the interest received on loans, investments we make in various securities and the dividends declared on them.

Expenditure

Our total expenditure consists principally of: cost of construction, employment cost, interest and finance charges, administrative, selling and general expenses and depreciation and amortisation.

We account for all expenses incurred for a specific project as expenses for such project. All expenses incurred that are not specific to a particular project are accounted for separately as administrative expenses. Our expenditure consists of the following categories of expenses:

Cost of construction

Construction and development expenses include various project expenses such as costs associated with the acquisition of land, development rights, transferable development rights, FSI, architects’ fees, site development expenses, the cost of materials and contracts, payments to contractors and contract labourers, payments to local authorities in connection with applications for plan approvals.

Employment Costs

Employment costs consist of salaries, wages and bonuses, our Company’s contribution to provident funds and other funds; worker and staff welfare costs, gratuity payments, and remuneration to directors.

Interest and Finance Charges

Financial expenses consists of expenses related to interest paid by the Company for long terms loans, debentures and short term borrowings, including working capital loans. Finance charges include the loan processing fees and syndication fee.



Administrative, Selling and General Expenses

Selling costs relate to the sale and lease of properties. General and administrative costs relate to expenses incurred for general administration at the corporate level that are not assignable to any specific project. These include: repairs and society maintenance charges, advertisement, legal and professional fees, rates and taxes, brokerage, insurance, rent, donations, loss on sale of fixed assets, provisions for doubtful debts, directors fees and travelling expenses; commission to non-executive directors; and other expenses.

Depreciation and Amortisation

Depreciation and amortisation includes depreciation on commercial premises, plant and machinery, vehicles, furniture and fixtures, computers and office equipment and other fixed assets. Depreciation on our fixed assets is charged on a written-down value basis, at the rates specified in Schedule XIV of the Companies Act, which are based on the useful lives of the assets.

Results of Operations

Due to the nature of the real estate development activities undertaken by us, the completion schedules of our projects, the way we recognize revenue, the nature of expenditure involved in a particular project, the specific terms of a particular real estate development project contract (including payment terms) and other factors that affect our income and expenditures on specific projects, our results of operations may vary significantly from period to period.

Fiscal Year Ended March 31, 2009 compared with Fiscal Year Ended March 31, 2008

Total Income

Sales and other operating income for fiscal year 2009 was Rs. 5,405.19 million in comparison to Rs. 3,389.59 million for fiscal year 2008 which is an increase of 59.46%. We sold two of our large pre-leased commercial properties located in Andheri (East), Mumbai in fiscal 2009, which generated total revenue of Rs. 4,486.82 million. We also generated revenue of Rs. 5.42 million from sale of projects under construction. In addition, in fiscal year 2009 we sold our interest in projects executed through a subsidiary, which contributed revenue of Rs. 376.90 million.

Other income for fiscal year 2009 was Rs. 211.16 million as compared to Rs. 308.54 million in the previous year, which is a decrease of 31.56%. This is mainly due to reduced interest income, reduction in income from current investments, lower amount of dividends received from current investment due to sale of current investments in fiscal year 2009. The other income increased in fiscal year 2008 was on account of one time liquidated damages received.

Cost of Construction

The cost of construction increased in fiscal year 2009 to Rs. 4,185.85 million from Rs. 2,398.46 million in fiscal year 2008 which is an increase of 74.52%. This increase is primarily attributable to construction of rehabilitation buildings, written down value of finished properties being expensed out, initiating new projects and execution of projects in joint ventures.

Employment Cost

Employment cost was Rs. 148.70 million in fiscal year 2009 compared to Rs. 69.67 million in fiscal year 2008, an increase of 113.43 %. The increase in cost reflects increase in the number of employees and the increase in salary levels as compared to fiscal year 2008.

**Administrative, Selling & Other Expenses**

Administrative, selling and other expenses were Rs. 369.16 million in fiscal year 2009 against Rs. 223.92 million in fiscal year 2008, an increase of 64.86%. The increase is mainly due to losses on sales of assets and provision for doubtful advances made during fiscal year 2009 and also on account of increases in legal and professional fees which corresponded to an increase in our land acquisition.

Interest and Finance Expenses

Interest and finance expense for fiscal year 2009 were Rs. 1,402.25 million as compared to Rs. 615.37 million in fiscal year 2008, an increase of 127.87%. The increase was primarily due to higher borrowings and a rise in the cost of borrowings due to higher interest rates levied by the lending banks and financial institution.

Our secured and unsecured loans have increased from Rs. 8,291.95 million as on March 31, 2008 to Rs. 10,568.76 million as on March 31, 2009 in view of the expansion and growth of our Company.

Depreciation

Depreciation for fiscal year 2009 was Rs. 57.13 million as compared to Rs. 69.31 million in the previous year. The decrease in depreciation in fiscal year 2009 is due to sale of premises.

Profit Before Tax and Profit After Tax

Our Profit Before Tax increased by Rs.1,336.76 million or 54.32% from Rs. 2,461.10 million in fiscal year 2008 to Rs. 3,797.86 million in fiscal year 2009.

Our profit after tax increased by Rs. 967.43 million or 40.82% from Rs. 2,370.20 million in fiscal year 2008 to Rs. 3,337.63 million in fiscal year 2009.

Fiscal Year Ended March 31, 2008 compared with Fiscal Year Ended March 31, 2007**Total Income**

Sales and other operating income for the fiscal year 2008 was Rs. 3,389.59 million in comparison to Rs. 1,889.48 million for the previous year, which was an increase of 79.39% due to growth in the revenues from sale of development rights/ FSI as compared to previous year. We generated revenue from sale of development rights in respect of a project located in Andheri (East), Mumbai aggregating to Rs. 2,472.33 million. In addition to the above, we had revenue from sale agreements for joint development of two projects aggregating Rs. 1,057.50 million, which was subsequently cancelled in the fiscal year 2009. However, in the readjusted financials included in the Placement Document, the sale has been reversed in fiscal 2008.

Other income for the fiscal year 2008 was Rs. 308.54 million as compared to Rs. 95.27 million in fiscal year 2007 showing an increase of 223.86%, mainly due to a significant increase in interest income from loans given aggregating to Rs. 219.60 million and income from dividend and sale of current investments of Rs. 37.59 million as well as one off revenue of Rs. 20.20 million as liquidated damages from a party because of its withdrawal from a development project.

Cost of Construction

The cost of construction increased to Rs. 2,398.46 million in fiscal year 2008 from Rs. 1,065.76 million in fiscal year 2007. In absolute terms the cost of construction increased by 125.05%. This increase is primarily attributable to construction of rehabilitation / sale buildings, initiating new projects and execution of projects in joint ventures.

Employment Cost

Employment cost were Rs. 69.67 million in fiscal year 2008 against Rs. 67.33 million in fiscal year 2007, an increase of 3.48%.



Administrative, Selling & Other Expenses

Administrative, selling and other expenses were Rs. 223.92 million in fiscal year 2008 against Rs. 169.36 million in fiscal year 2007, an increase of 32.22%. This increase is mainly due to an increase in advertisement, legal and professional fees and other general expenses during the fiscal year 2008.

Interest and Finance Expenses

Interest and finance expense for the year fiscal year 2008 were Rs. 615.37 million as compared to Rs. 199.90 million in fiscal year 2007, an increase of 207.84%. Our secured and unsecured loans taken have increased from Rs. 4,878.76 million as on March 31, 2007 to Rs. 8,291.95 million as on March 31, 2008 to cater to the expansion and increased working capital requirements of our Company.

Depreciation

Depreciation for the fiscal year 2008 is Rs. 69.31 million as compared to Rs. 62.10 million in the previous year. The increase in depreciation is due to completed projects being capitalized during fiscal year 2008.

Profit Before Tax and Profit After Tax

Our profit before tax increased by Rs. 1,581.07 million from Rs. 880.03 million or 179.66% in fiscal year 2007 to Rs. 2,461.10 million in fiscal year 2008.

Our profit after tax increased by 1,603.29 million or 209.06% from Rs. 766.91 million in fiscal year 2007 to Rs. 2,370.20 million in fiscal year 2008.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our principal liquidity and capital resources requirements have been to finance our working capital needs and our capital expenditure requirements. Our business requires a significant amount of working capital to finance the purchase of construction materials, payment to contractors, payment for land or land development rights and other work on our real estate development projects before payment is received from clients. For our projects, we tend to receive payments in a staggered manner depending on the stage of completion of the project. We need to finance these cash flow mismatches during the interim periods. To the extent that we participate in large scale projects, we may be required to increase our borrowing in order to meet the higher levels of working capital required to undertake such projects.

To fund our capital needs, we rely on short-term and long-term borrowings with one to five year terms, working capital financing and cash flows from operating activities.

Cash Flows

The table below summarizes our Company's consolidated cash flow statements:

Particulars	Rs. in million	
	Fiscal 2009	Fiscal 2008
Net cash generated from / (used in) operating activities	1,132.62	(1,091.76)
Net cash (used in) Investing activities	(2,180.29)	(1,860.42)
Net cash generated from financing activity	717.54	2,503.61
Net (decrease) in cash and cash equivalents at the end of the year	(330.13)	(448.57)

We were required to comply with Accounting Standard AS-21 on 'Consolidated Financial Statements' for the first time in the financial year ending March 31, 2007 and did not prepare consolidated accounts for the prior fiscal years. We have not prepared consolidated cash flow statements for the financial years ending March 31, 2007, since the consolidated opening balances necessary to prepare a cash flow statement for fiscal 2007 was not available.

**Operating Activities**

Net cash generated from operating activities was Rs. 1,132.62 million for fiscal year 2009. Net cash generated from operating activities consisted mainly of cash generated on account of net profit before tax of Rs. 3,797.86 million and an outflow of Rs. 4,147.54 million on account of working capital changes. During fiscal year 2009 our Company continued its development activities and invested the available cash flows in completing our projects and building our inventory. Further, we have had a significant increase in sundry debtors from Rs. 45.41 million as of March 31, 2008 to Rs. 4,517.39 million as of March 31, 2009. As at March 31, 2009 approximately 98.04% of these sundry debtors were outstanding for a period exceeding six months. As such, realisation of receivables for the projects sold during the year have been relatively slow which has affected our cash flows significantly during the fiscal year 2009.

Net cash used in operating activities was Rs. 1,091.76 million for fiscal year 2008. Net cash used in operating activities consisted mainly of net profit before tax of Rs. 2,461.10 million and an outflow of Rs. 3,968.09 million on account of working capital changes. The increase in net cash outflow was due to increases in construction activity.

Investing Activities

Net cash used in investing activities was Rs. 2,180.29 million for fiscal year 2009, which primarily included Rs. 1,201.68 million towards loans and advances given and Rs. 861.20 million towards acquisition of subsidiaries, joint ventures and partnership firms.

Net cash used in investing activities is Rs. 1,860.42 million for the fiscal year 2008, which primarily included Rs. 1,831.85 million towards loans and advances given, acquisition of long term investments of Rs. 1,446.64 million. The net outflow was reduced on account of inflow on disposal of current investments of Rs. 1,917.20 million

Financing Activities

Net cash generated from financing activities for the fiscal year 2009 was Rs. 717.54 million which primarily included Rs. 2,900.02 million from proceeds of secured loans as reduced by an outflow on account of repayment of unsecured loans of Rs 729.76 million. Further there is an outflow of Rs. 1,402.30 million towards interest and finance charges and Rs. 46.69 million towards dividend paid during the year.

Net cash generated from financing activities for the fiscal year 2008 was Rs. 2,503.61 million which primarily included Rs. 3,327.30 million from proceeds of secured and unsecured loans, as reduced by Rs. 613.99 million towards interest and finance charges and Rs. 220.01 million towards dividend paid during the year.

Indebtedness

The following table sets forth our repayment obligations under the terms of our secured and unsecured indebtedness as of June 30, 2009.

Rs. in million

Particulars	Balance Outstanding	Repayment Schedule			
	As on June 30, 2009	Less than 1 year	1-3 years	3-5 years	More than 5 years
Secured Loans	10,049.4	2,635.07	6,645.77	181.84	586.71

As of March 31, 2009 we had Rs. 8,488.93 million of secured loans outstanding, including accrued interest thereon from banks, financial institutions and companies and Rs. 2,079.83 million of unsecured loans. These loans and debentures were secured by, among other things, pledges of the equity shares of our promoters and promoter group, inventory of projects and other movable and immovable assets.

As a result of the impact of the global credit crisis, the Company negotiated with lenders to restructure its loan portfolio during fiscal year 2009.

Pursuant to certain of our financing agreements, we have some restrictive covenants which require us to obtain consent of our lenders, for further details please refer the section entitled 'Risk Factors'.



As part of our ongoing strategy to improve our liquidity position, we shall continue to undertake a restructuring of a portion of our existing indebtedness. As part of our restructuring, we shall strive to extend the maturity of loans; reduce the interest rates and replace short-term loans with long term ones.

OFF-BALANCE SHEET LIABILITIES

The following table sets forth contingent liabilities of the Company not provided for, on a consolidated basis as at March 31, 2009 and March 31, 2008:

Sr. No.	Particulars	Rs. in million	
		As at March 31, 2009	As at March 31, 2008
(A)	Claims against the Company, not acknowledged as debts on account of: -		
1.	Income Tax matters under appeal for Financial Year 1999-2000 (A.Y. 2000-2001)	-	68.16
2.	Income Tax matters under appeal for Financial Year 2000-2001 to 2006-2007	497.66	Amount not ascertainable
3.	Demand notice issued by Brihanmumbai Municipal Corporation for Land Under Construction charges (property tax).	41.20	32.89
4.	Petition filed against the Company, under the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971, in relation to a Project.	5.00	7.73
5.	Petition pending with the Honourable High Court of Bombay with regards to Mahalaxmi Car Project at Bhulabhai Desai Road, Mumbai	2.45	1.85
(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.)	621.18	636.99

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

Select Balance Sheet items:

Fixed assets

Fixed assets include land, buildings, plant and machinery, furniture fixtures, office equipments and vehicles. Our net block of fixed assets including capital work in progress was Rs. 981.57 million, Rs. 1,149.06 million and Rs. 895.48 million as on March 31, 2009, March 31, 2008 and March 31, 2007 respectively. The decrease in fixed assets reflects the written down value of finished properties transferred to cost of construction on sale of leased assets.

Some leased assets which are available for sale in the ordinary course of business are disclosed under the fixed assets schedule to comply with the requirements of Accounting Standard 19 – Leases.

Investments

Investments represent equity shares held in associate companies, partnerships among others, engaged in real estate development, related activities and other investments. Our Company's total investment was Rs. 3,025.41 million, Rs. 2,276.47 million and Rs. 2,746.84 million as on March 31, 2009, March 31, 2008 and March 31, 2007 respectively.

***Current assets, loans and advances***

Current assets, loans and advances comprises inventories, projects in progress, sundry debtors, cash and bank balances, other current assets and loans and advances (some of which are further detailed below). The Company's total current assets, loans and advances were Rs. 19,251.06 million, Rs. 14,049.77 million and Rs. 7,206.92 million as on March 31, 2009, March 31, 2008 and March 31, 2007 respectively.

Inventories

Inventories comprise incomplete projects, Floor Space Index (FSI) and stock of completed real estate projects. Our total inventory was Rs. 7,729.94 million, Rs. 4,351.21 million and Rs. 1,584.27 million as on March 31, 2009, March 31, 2008 and March 31, 2007 respectively. As on March 31, 2009 approximately 95.89% of our inventory constituted of incomplete projects and the balance was represented by FSI and completed projects. As on March 31, 2008 approximately 91.38% of our inventory was constituted of incomplete projects and the balance represented by FSI and completed projects. As on March 31, 2007 approximately 63.54% of our inventory constituted of incomplete projects, 20.41% representing FSI and 16.04% of completed projects. This change in the level of FSI inventory over time was due to the utilisation of FSI rights available to us in fiscal year 2007 to construct new developments in fiscal years 2008 and 2009.

Sundry Debtors

Sundry debtors increased from Rs. 45.41 million as of March 31, 2008 to Rs. 4,517.39 million as of March 31, 2009 on account of lower collections due from customers resulting from uncertain economic condition. As at March 31, 2009 approximately 98.04% of these sundry debtors were outstanding for a period exceeding six months.

Cash and Bank Balances

Our consolidated cash and bank balances comprise cash in hand and balances with banks. The total cash and bank balances were Rs. 109.75 million, Rs. 402.84 million and Rs. 1,333.47 million as on March 31, 2009, March 31, 2008 and March 31, 2007 respectively

Other Current Assets

Other current assets were Rs. 740.83 million and Rs. 323.73 million as on March 31, 2009 and March 31, 2008 respectively.

Loans and Advances

Our consolidated loans and advances primarily comprise unsecured advances/ share application money given to associate companies and others, that are recoverable in cash or kind and advance payments made in respect of income tax and other advances towards purchase of land / land development rights. Total loans and advances were Rs. 6,153.15 million, Rs. 8,926.58 million and Rs. 3,570.58 million as on March 31, 2009, March 31, 2008 and March 31, 2007 respectively.

Current Liabilities

Our total current liabilities were Rs. 2,142.71 million, Rs. 1,548.84 million and Rs. 659.72 million as on March 31, 2009, March 31, 2008 and March 31, 2007 respectively. Our current liabilities include sundry creditors, security deposits received, advances against booking of properties and other liabilities.

Provisions

Our Company's total provisions were Rs. 240.03 million, Rs. 660.18 million and Rs. 329.79 million as on March 31, 2009, March 31, 2008 and March 31, 2007 respectively. These provisions include provisions primarily related to taxation and employee benefits.



RECENT DEVELOPMENTS

The table below sets forth the Company's consolidated unaudited financial results for the quarter ended June 30, 2009 and June 30, 2008, respectively:

Particulars	Rs. in million		
	Quarter ended June 30, 2009 (Unaudited)	Increase (Decrease) in June 2009 compared to June 2008	Quarter ended June 30, 2008 (Unaudited)
Income	444.40	(81.39)%	2,388.60
Sales and other operating income	409.00	(82.54)%	2,343.40
Other income	35.40	(21.68)%	45.20
Expenditure	303.90	(33.93)%	460.00
Cost of construction	376.70	(74.29)%	1,465.60
(Increase)/Decrease in inventories	(588.90)	(58.46)%	(1,418.00)
Staff costs	40.40	(14.22)%	47.10
Finance expenses	363.60	22.75%	296.20
Other expenditure	100.60	94.58%	51.70
Depreciation	11.50	(33.90)%	17.40
Profit Before Tax	140.50	(92.71)%	1,928.60
Taxation and provision for tax	74.20	(66.37)%	220.70
Profit After Tax	66.30	(96.11)%	1,707.90

Quarter Ended June 30, 2009 compared with Quarter Ended June 30, 2008

Total Income

Sales and other operating income for the quarter ended June 30, 2009 was Rs. 409 million in comparison to Rs. 2,343.40 million for the quarter ended June 30, 2008, which was a decrease of 82.54%. This decrease was due to us selling fewer properties, rights and incomplete projects due to the decreased demand for properties, rights and incomplete projects resulting from the downturn in the economy. Further, we sold one of our large pre-leased commercial assets, at a price of Rs. 2,114.37 million during the quarter ended June 30, 2008, but did not sell any projects during the quarter ended June 30, 2009. Additionally, none of our projects under development during the quarter ended June 30, 2009 were at least 40% completed (the threshold for recognition of sale revenue under our 'Percentage of Completion Method' of accounting) and accordingly we have not recognized any sale revenue during the quarter ended June 30, 2009.

Other income for the quarter ended June 30, 2009 was Rs. 35.40 million as compared to Rs. 45.20 million in the quarter ended June 30, 2008, which was a decrease of 21.68%. This is mainly due to reduced interest income, reduction in income from current investments, and lower amounts of dividends received from current investment due to sale of current investments during the quarter ended June 30, 2009.

Expenditure

Our expenditure decreased in the quarter ended June 30, 2009 to Rs. 303.90 million from Rs. 460.00 in the quarter ended June 30, 2008, which was a decrease of 33.93%. This is mainly due to decreased levels of construction and a decrease in the amount we expended on inventories during the quarter ended June 30, 2009 due to decreased demand for properties and incomplete projects resulting from the downturn in the economy.

Profit Before Tax and Profit After Tax

Our profit before tax decreased by Rs. 1,788.10 million, or 92.71%, from Rs. 1,928.60 million in the quarter ended June 30, 2008 to Rs. 140.50 million in quarter ended June, 30, 2009.

Our profit after tax decreased by Rs. 1,641.60 million, or 96.11%, from Rs. 1,707.90 million in the quarter ended June 30, 2008 to Rs. 66.30 million in the quarter ended June 30, 2009.



Material Developments

To our knowledge, no circumstances have arisen, since the date of the last financial statements included in this Placement Document that materially and adversely affect or are likely to affect our profitability, financial condition or ability to pay our liabilities within the next 12 months.



CAPITAL STRUCTURE AND MAJOR SHAREHOLDERS

Equity Share Capital

As per the Memorandum of Association of our Company, the authorised share capital of our Company is Rs.1250 million comprising of 125,000,000 Equity shares of Rs.10 each.

As on June 30, 2009 the issued and paid up equity share capital of our Company is Rs. 667 million comprising of 66,700,000 Equity Shares of Rs.10 each.

Changes in the authorised share capital

Sr. No.	Date of Shareholders Meeting	Particulars
1.	Memorandum registered with this capital	Incorporated with Rs. 0.1 million comprising of 1,000 equity shares of Rs.100 each.
2.	June 24, 1993	Increase in authorised share capital from Rs. 0.1 million to Rs.1 million comprising of 10,000 equity shares of Rs.100 each.
3.	July 25, 1994	Increase in authorised share capital from Rs.1 million to Rs.2.50 million comprising of 25,000 equity shares of Rs.100 each.
4.	January 21, 1997	Increase in authorised share capital from Rs.2.50 million to Rs.5 million comprising of 50,000 equity shares of Rs.100 each.
5.	October 8, 1998	Increase in authorised share capital from Rs.5 million to Rs.20 million comprising of 200,000 equity shares of Rs.100 each.
6.	February 13, 2002	Sub-division of one equity share of Rs.100 each into 10 Equity Share of Rs.10 each.
7.	May 7, 2004	Increase in authorised share capital from Rs.20 million to Rs.50 million comprising of 5,000,000 Equity Shares of Rs.10 each.
8.	April 13, 2005	Increase in authorised share capital from Rs.50 million to Rs.200 million comprising of 20,000,000 Equity Shares of Rs.10 each.
9.	January 27, 2006	Increase in authorised share capital from Rs.200 million to Rs.1250 million comprising of 125,000,000 Equity Shares of Rs.10 each.

Changes in the paid-up share capital

The details of the changes in the paid-up share capital of our Company are set forth in the table below:

Date of Allotment	No. of Equity Shares issued	Face value of Equity Share	Issue price per Equity Share	Particulars of Issue	Cumulative Share Capital (No. of shares)	Cumulative Share premium, (Rs.)	Cumulative Share capital (Rs.)
Feb 16, 1989	20	100	100	Allotment to Subscriber to Memorandum	20	0	2,000
February 2, 1990	900	100	100	Further issue of shares	920	0	92,000
Mar 30, 1994	8,120	100	100	Further issue of shares	9,040	0	9,04,000
Mar 27, 1995	1,960	100	100	Further issue of shares	11,000	0	11,00,000
Aug 7, 1995	3,000	100	100	Further issue of shares	14,000	0	14,00,000
Sep 30, 1996	11,000	100	100	Further issue of shares	25,000	0	25,00,000
Feb 21, 1997	25,000	100	100	Further issue of shares	50,000	0	50,00,000
Feb 13, 2002	-	-	-	Sub-division of shares from	5,00,000	0	50,00,000



Date of Allotment	No. of Equity Shares issued	Face value of Equity Share	Issue price per Equity Share	Particulars of Issue	Cumulative Share Capital (No. of shares)	Cumulative Share premium, (Rs.)	Cumulative Share capital (Rs.)
				Rs.100 per share to Rs.10 per share			
Sep 27, 2002	15,00,000	10	-	Issue of bonus shares 3 : 1	20,00,000	0	2,00,00,000
Jan 6, 2006	10,00,000	10	10	Issue shares on right basis 1 : 2	30,00,000	0	3,00,00,000
Jan 31, 2006	4,50,00,000	10	10	Issue of bonus shares 15 : 1	4,80,00,000	0	48,00,00,000
May 12, 2006	1,20,00,000	10	10	Issue of bonus shares 1 : 4	6,00,00,000	0	60,00,00,000
Feb 5, 2007	67,00,000	10	540	Initial Public Issue of 67,00,000 Equity Shares at a premium of Rs.530 per share	6,67,00,000	355,10,00,000	66,67,00,000


Shareholding Pattern as on August 07, 2009

Category code	Category of Shareholder	Total number of shares	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
			As a percent age of (A+B) ¹	As a percentage of (A+B+C)	Number of shares	As a perce ntage
(A)	Shareholding of Promoter and Promoter Group²					
1	Indian					
	Individuals/ Hindu Undivided Family	59,400,000	89.06	89.06	2,97,48,000	50.08
	Bodies Corporate	6,00,000	0.90	0.90		
	Sub Total(A)(1)	6,00,00,000	89.96	89.96	2,97,48,000	49.58
2	Foreign					
	Sub Total(A)(2)	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	6,00,00,000	89.96	89.96	2,97,48,000	49.58
(B)	Public shareholding					
1	Institutions					
(a)	Financial Institutions / Banks	56,987	0.09	0.09		
(b)	Foreign Institutional Investors	1,47,325	0.22	0.22		
	Sub-Total (B)(1)	2,04,312	0.31	0.31		
B 2	Non-institutions					
(a)	Bodies Corporate	33,09,419	4.96	4.96		
(b)	Individuals					
I	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	9,73,956	1.46	1.46		
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	19,15,547	2.87	2.87		
(c)	Any Other (specify)					
(c-i)	Trusts	91	0.00	0.00		
(c-ii)	Directors & their Relatives	145	0.00	0.00		
(c-iii)	Non Resident Indians	1,51,958	0.23	0.23		
(c-iv)	Overseas Corporate Bodies	2356	0.00	0.00		
(c-v)	Clearing Members	1,42,216	0.21	0.21		



Category code	Category of Shareholder	Total number of shares	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
			As a percent age of (A+B) ¹	As a percentage of (A+B+C)	Number of shares	As a per ce ntage
	Sub-Total (B)(2)	64,95,688	9.74	9.74		
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	67,00,000	10.04	10.04		
	TOTAL (A)+(B)	6,67,00,000	100.00	100.00		
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0.00	0.00		
	GRAND TOTAL (A)+(B)+(C)	6,67,00,000	100.00	100.00		

The shareholding pattern of persons belonging to the category "Promoter and Promoter Group" is set forth in the Table below as on August 07, 2009:

Sr. No.	Name of the shareholder	Total shares held		Shares pledged or otherwise encumbered		
		Number of shares	As a % of total Share capital	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)
1	Hemant M. Shah	5,800,000	8.70	-	0.00	0.00
2	Vyomesh M. Shah	7,540,000	11.30	1,720,000	22.81	2.58
3	Mahipatray V. Shah HUF	9,600,000	14.39	6,872,000	71.58	10.30
4	Hemant M. Shah HUF	6,892,000	10.33	6,625,000	96.13	9.93
5	Vyomesh M. Shah HUF	4,100,000	6.15	4,075,000	99.39	6.11
6	Kunjal H. Shah	5,308,000	7.96	3,750,000	70.65	5.62
7	Falguni V. Shah	6,360,000	9.54	4,907,000	77.15	7.36
8	Rushank V. Shah	3,600,000	5.40	-	0.00	0.00
9	Khilen V. Shah	3,600,000	5.40	-	0.00	0.00
10	Kushal H. Shah	3,600,000	5.40	-	0.00	0.00
11	Lata M. Shah	2,400,000	3.60	1,799,000	74.96	2.70
12	Estate Of Late Mahipatray V. Shah	600,000	0.90	-	0.00	0.00
13	Ukay Valves And Founders Private Limited	300,000	0.45	-	0.00	0.00
14	Vishwajeet Consultancy Private Limited	300,000	0.45	-	0.00	0.00
	TOTAL	60,000,000	89.96	29,748,000	49.58	44.60

The shareholding pattern of persons belonging to the category "Public" and holding more than 1% of the total number of Equity Shares of our Company as on August 07, 2009 is *NIL*.

**List of Top 10 Shareholders in Public Category as August 07, 2009**

Sr. No.	Shareholders name	No. of Equity Shares	% of total shareholding
1.	Pacific Corporate Services Limited	4,62,526	0.6934
2.	DLF Retail Developers Limited	4,30,621	0.6456
3.	Pacific Corporate Services Ltd	4,11,806	0.6174
4.	International Synthfabs Private Limited	4,00,000	0.5997
5.	Ghisulal D Rathod jointly with Pradeep G Rathod and Pankaj G Rathod	3,40,000	0.5097
6.	Pacific Corporate Services Ltd	3,01,986	0.4528
7.	Madhukar Sheth	1,90,000	0.2849
8.	Pradeep G Rathod jointly with Sangeeta P Rathod	1,55,000	0.2324
9.	Pankaj G Rathod jointly with Babita P Rathod	1,50,000	0.2249
10.	IL&FS Investsmart Securities Ltd	1,45,165	0.2176

Equity Shares Lock in Details as on August 07, 2009

Pursuant to the Erstwhile SEBI Guidelines on initial public offerings ("IPO"), the following shares, constituting 20% of the total post issue paid up Equity Share capital of the Company immediately after the IPO, are locked in for three years from the date of allotment of shares in the IPO.

Details of the locked in shares are provided in the table below:

Sr. No.	Name of the shareholder	Number of shares held	Locked-in shares (%)
1.	Mr. Hemant M. Shah	58,00,000	8.70 %
2.	Mr. Vyomesh M. Shah	75,40,000	11.30 %
	Total	13,340,000	20.00%



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Details of Board of Directors

On the date of the Placement document, our Board consists of the following Directors:

Sr. No.	Name of the Director	Designation
1.	Mr. Hemant M. Shah	Executive Chairman
2.	Mr. Vyomesh M. Shah	Managing Director
3.	Mr. Madhukar B. Chobe	Whole-time Director
4.	Mr. Hayagreeva Ravikumar Puranam	Non-Executive and Independent Director
5.	Mr. Devarayapuram Kaarthikeyan	Non-Executive and Independent Director
6.	Mr. Shailesh V. Haribhakti	Non-Executive and Independent Director
7.	Mr. Shailesh H. Bathiya	Non-Executive and Independent Director

Brief profile of our Directors is as follows:

Mr. Hemant M. Shah, Executive Chairman: Mr. Hemant Shah, is a B.E. (Civil Engineering) from Mumbai University. He has been associated as the Promoter and Executive Director of our Company since our inception. He is responsible for the strategy and future business expansion of our Company. He is an entrepreneur with over 30 years of experience in executing real estate projects and civil engineering works. He has participated in the executive MBA program at Harvard University. He currently oversees construction planning, execution, marketing and sales functions of our Company. He is the founder and the global President of JITO (Jain International Trade Organization), the apex body of Jains worldwide. He also serves as an ambassador of goodwill for the country and has been invited on several Government of India trade delegations to countries such as South Korea, Japan, and many others.

Mr. Vyomesh M. Shah, Managing Director: Mr. Vyomesh M. Shah, our Managing Director, is a Chartered Accountant with over 25 years experience. He has been associated as the Promoter and Executive director of our Company since inception. He is responsible for overseeing the core operational functions of the group companies including legal, financial, approvals and land acquisition matters. He has been elected as a member of the Managing Committee of Builders Association of India (BAI), as Vice President of the Maharashtra Chamber of Housing Industry (MCHI), as Hon. Secretary of the Confederation of Real Estate Developers Associations of India (CREDAI) and other such positions. He has also been the President of the Slum Rehabilitation Association (SRA) for over ten years in recognition of our Company's grassroots efforts in making this scheme successful for all strata of society.

Mr. Madhukar B. Chobe, Whole-time Director: Mr. Madhukar Chobe is a Whole-time Director of our Company. After his college education, Mr. Chobe served for 7 years in the Indian Army from 1964 to 1971 with the Regiment of Artillery and 23 years in the Indian Administrative Services from 1971 to 1994. While in IAS, he served the Government in various capacities e.g. Municipal Commissioner-Thane & Municipal Commissioner-Nagpur, State Excise Commissioner, Additional Collector and Controller of Slums. After taking voluntary retirement in 1994 as Secretary to the Government of Maharashtra, Public Health Department, he served as a director in Jain Irrigation Systems Limited and as Managing Director of the District Central Co-operative Bank.

Mr. Hayagreeva Ravikumar Puranam, Non-Executive and Independent Director: Mr. Hayagreeva Ravikumar Puranam is a Bachelor of Commerce and Diploma holder in French from Osmania University. He is also a certified associate of Indian Institute of Bankers and an associate of Chartered Institute of Bankers, London. He is a fellow of Securities Investments Institute U.K. He is commercial banker with over 37 years of experience in financial service industry. He was with Bank of India for 22 years and was a key part of the team which set up and grew ICICI Bank, and is also the ex-Managing Director and CEO of the National Commodity & Derivative Exchange Limited. He has been awarded gold medal in banking by the French Chamber of Commerce, and is currently on the board of several other companies.



Mr. Devarayapuram Kaarthikeyan, Non-Executive and Independent Director: Mr. Devarayapuram Kaarthikeyan is a Bachelor of Science (Chemistry and Agriculture) and Bachelor of Law. He has held several positions and served in several capacities such as: (i) District Superintendent of Police of major Districts of Karnataka; (ii) Director of Police Academy, Mysore, Karnataka; (iii) Chief of Intelligence and Security of Karnataka State; (iv) DIG of Railway Police; (v) Director of Trade Promotion in Australia; (vi) Diplomat and Head of Chancery and Consular Division of the Embassy of India in Moscow (then USSR); (vii) Chief of Investigation of former Prime Minister Rajiv Gandhi assassination case; (viii) Director-General of Central Reserve Police Force, the largest para-military force in India; (ix) Director of the Central Bureau of Investigation of India; and (x) Director-General in the National Human Rights Commission.

He has been awarded Police Medal for Meritorious Service and President's Medal for Distinguished Service by the Government of India, title "Delhi Ratna" by the All India Conference of Intellectuals, New Delhi, title "Atma Jyoti" by the International Vedic Convention, New Delhi.

Mr. Shailesh V. Haribhakti, Non-Executive and Independent Director: Mr. Shailesh V. Haribhakti is a fellow member of the Institute of Chartered Accountants of India. He is a committee member of Futures & Options segment of NSE and a member of SEBI Committee on disclosures and accounting standards. He serves as a member of a managing committee of ASSOCHAM and IMC, corporate governance committee of ASSOCHAM and CII and is Chairman of Global Warming Committee of IMC. He has also served as the Chairman of the Indian affiliate of the Certified Financial Planner Board of Standards – Financial Planning Standards Board, India, and is the only Indian member of the reconstituted Standards Advisory Council of the International Accounting Standards Board. He has been awarded "the Best Non-Executive Independent Director Award – 2007" by the Asian Centre for Corporate Governance and IMC.

Mr. Shailesh H. Bathiya, Non-Executive and Independent Director: Mr. Shailesh H. Bathiya is a practicing Chartered Accountant and a Bachelor of Law from the Mumbai University. He is a senior partner in S. H Bathiya and Associates. He has over 29 years of experience in the fields of finance, auditing & accounting, mergers & acquisitions, corporate law matters, project finance, taxation and management consultancy. He has been a member of Western India Regional Council (WIRC) of Institute of Chartered Accountants of India for the year 1992 to 1995 and has worked with many committees of WIRC.

Directors' Remuneration

The details of remuneration paid / payable to the executive and non-executive directors for the financial year 2008-09 are as under:

Remuneration of Executive Directors

Name of the Director	Salary & Perquisites (in Rs.)
Mr. Hemant M Shah	1,85,76,000
Mr. Vyomesh M Shah	1,65,12,000
Mr. Madhukar B. Chobe	48,00,000

Remuneration of Non-Executive Directors

Name of the Director	Sitting Fees	Commission (Gross)
Mr. Shailesh H. Bathiya	2,00,000	4,50,000
Mr. Shailesh V. Haribhakti	2,20,000	4,50,000
Mr. Devarayapuram Kaarthikeyan	2,00,000	4,50,000
Mr. Hayagreeva Ravikumar Puranam	1,20,000	4,50,000

**Directors' Shareholding**

The following table sets out the shareholdings of the Directors in the Company as on August 07, 2009:

Name of the Shareholders	Designation	Number of Equity Shares	Shareholding %
Mr. Hemant M. Shah	Chairman	58,00,000	8.70
Mr. Vyomesh M. Shah	Managing Director	75,40,000	11.30
Mr. Madhukar B. Chobe	Whole-time Director	-	-
Mr. Devarayapuram Kaarthikeyan	Independent Director	-	-
Mr. Shailesh V. Haribhakti	Independent Director	100	0.0001
Mr. Shailesh H. Bathiya	Independent Director	-	-
Mr. Hayagreeva Ravikumar Puranam	Independent Director	-	-

Corporate Governance

We stand committed to good corporate governance – transparency, disclosure and independent supervision to increase the value of its stakeholders. We have complied with SEBI ICDR Regulations in respect of corporate governance specially with respect to broad basing the Board, constituting the Committees viz., Audit and Compliance Committee, Shareholders/ Investors' Grievances Committee and Remuneration Committee. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees. The details of these Committees are as follows:

Audit and Compliance Committee

Pursuant to Clause 49 of the Listing Agreement, the current constitution of the Audit and Compliance Committee is as follows:

Name of the Director	Nature of Directorship	Designation in the Committee
Mr. Shailesh V. Haribhakti	Independent Director	Chairman
Mr. Shailesh H. Bathiya	Independent Director	Member
Mr. Hayagreeva Ravikumar Puranam	Independent Director	Member
Mr. Vyomesh M. Shah	Managing Director	Member

Brief terms of reference

- (i) 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;
- (ii) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditors, Internal Auditors and payment of audit fees;
- (iii) Approval of payment to Statutory Auditors, Internal Auditors and payment of audit fees;
- (iv) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- (v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - 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;
 - Changes, if any, in the accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by the management;
 - Significant adjustments made out in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions and
 - Qualifications in the draft audit report.
- (vi) Reviewing with the management, the quarterly financial statements before submission to the Board for approval;



- (vii) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (viii) 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;
- (ix) Discussion with internal auditors any significant findings and follow-up thereon;
- (x) Discussion with statutory auditors before audit committees, about the nature and scope of audit as well as post-audit discussion to ascertain in any area of concern; and
- (xi) Carrying out any other function as mentioned in terms of reference of the Committee;

Shareholders/ Investors' Grievances Committee

Pursuant to Clause 49 of the Listing Agreement, the current constitution of the Shareholders/ Investors' Grievances Committee is as follows:

Name of the Director	Nature of Directorship	Designation in the Committee
Mr. Shailesh H. Bathiya	Independent Director	Chairman
Mr. Hemant M. Shah	Chairman	Member
Mr. Vyomesh M.Shah	Managing Director	Member

Brief terms of reference

The Committee reviews the status of investors' grievances on a periodical basis. All the complaints and/or grievances as received from the investors are promptly responded to and satisfactorily replied.

The business usually transacted by the Committee is as follows:

- (i) Approval of share transfers and transmissions
- (ii) Taking note of the re-materialisation of shares
- (iii) Issue of share certificates on re-materialisation
- (iv) Taking actions on routine complaints of shareholders
- (v) To do any allied matter(s) out of and incidental to these functions and such other acts assigned by the Board.

Remuneration Committee

Pursuant to Clause 49 of the Listing Agreement, the current constitution of the Remuneration Committee is as follows:

Name of the Director	Nature of Directorship	Designation in the Committee
Mr. Shailesh V. Haribhakti	Independent Director	Chairman
Mr. Hayagreeva Ravikumar Puranam	Independent Director	Member
Mr. Devarayapuram Kaarthikeyan	Independent Director	Member

Brief terms of reference

The Committee evaluates, recommends and approves the overall compensation policy, service agreements and other employment conditions of the Managing and Whole Time Directors to bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders. The Remuneration Committee takes into account experience, qualification and prevailing industry practices before giving its recommendation to the Board. On recommendation of the Remuneration Committee, the Board decides the quantum of annual increments and performance incentives to be paid to the Managing and the Wholetime Directors, subject to approval of shareholders in terms of provisions of the Companies Act, read with Schedule XIII thereof. The Committee aims towards rewarding, on the basis of performance, reviewed on a periodical basis.



In addition to the aforesaid, we have also constituted a QIP Issue Committee, whose details are as follows:

QIP Issue Committee

The current constitution of the QIP Issue Committee is as follows:

Name of the Director	Nature of Directorship	Designation in the Committee
Mr. Hayagreeva Ravikumar Puranam	Independent Director	Chairman
Mr. Shailesh H. Bathiya	Independent Director	Member
Mr. Vyomesh M. Shah	Managing Director	Member

Brief terms of reference

- (i) to decide on the timing, pricing, the number of equity shares to be issued and allotted, the basis of allocation and allotment and all other terms and conditions of the Issue and to accept any amendments, modifications, variations or alterations thereto;
- (ii) approving the offer document and filing the same with any regulatory/appropriate authority or person as may be required;
- (iii) to affix the common seal of the Company on any agreements/documents as may be required to be executed in connection with the proposed issue, in the presence of any Director of the Company and persons authorized who shall countersign the same in token thereof;
- (iv) arranging the delivery and execution of all contracts, agreements and all other documents, deeds and instruments as may be required or desirable in connection with the issue of equity shares by the Company;
- (v) opening such bank accounts and demat accounts as may be required for the transaction;
- (vi) to do all such acts, deeds, matters and things and execute all such other documents, declarations, undertakings, affidavits, certificates, consents and authorities and pay all such fees, as it may, in its absolute discretion, deem necessary or desirable for the purpose of the transactions;
- (vii) to make all such necessary applications with the appropriate authorities and make the necessary regulatory filings in this regard;
- (viii) to enter into any arrangement/agreements for underwriting, marketing, listing of shares, appointment of lead managers, investment bankers, merchant bankers, underwriters, guarantors, financial and/or legal advisors, depositories, custodians, registrars, principal paying/transfer/conversion agents, listing agents, trustees and other advisors, professionals and intermediaries to the extent considered necessary for the purpose and to negotiate and finalise the terms and conditions (including the payment of fees, commission, brokerage and the like and out-of-pocket expenses);
- (ix) to make applications for listing of the equity shares of the Company on one or more Stock Exchanges and to execute and submit or arrange the submission of the listing agreements or equivalent documentations to the concerned stock exchanges; and
- (x) to authorize or delegate all or any of the powers hereinabove conferred to any one or more persons, to the extent necessary;



Details of Key Managerial Personnel

Brief profiles of our key managerial personnel (other than our Executive Directors) are as follows:

Name and Designation	Profile
Col. Rajbir Singh Malik, Chief Operating Officer	Col. Rajbir Singh Malik (Retd.) is the Chief Operating Officer at our Company since June 1, 2008. He served in Indian Army for more than 24 years and joined our Company in 2001. He holds a B.E. (Civil) from the Military Engineering College and has over 41 years of professional experience in the field of project management, project execution and administration of construction projects both in the Government and the private sector. Col. (Retd.) Malik is well experienced in managing a wide variety of infrastructure projects, ranging from laying out of an air field to administration of an air force station as well as development of projects in commercial, residential and SEZ segments. Col. Malik (Retd.) presently heads the engineering functions encompassing planning, purchasing & contracting, billing, building management systems and business development functions at our Company.
Mr. Bharat Mody Chief Financial Officer	Mr. Bharat Mody is the Chief Financial Officer of our Company. He is with our Company since July 1, 2008 and heads the overall finance function. He holds a Bachelor of Commerce degree from Mumbai University. He is a Chartered Accountant and has more than 25 years of professional experience in the areas of Finance, Tax, Advisory, Portfolio Management etc. Prior to joining our Company, Mr. Bharat Mody was associated with SKP Crossborder Consulting Private Limited as an executive director/partner for 11 years. Before that he served in Nuclear Securities Private Limited as an Assistant Vice President and was also a partner at Kapadia and Associates for 11 years.
Mrs. Charuta Malshe, Chief – Human Resources	Mrs. Charuta Malshe is Chief- Human Resources of our Company and is associated with our Company since November 2005. She holds a Master in Arts and a Diploma in Computer Management (DCM) from Mumbai University and has over 35 years of experience in the areas of human resource and administration. She has held various positions at ICICI Limited and has served as a lecturer at various educational institutions such as SNTD Polytechnic and Somaiya Engineering College. She worked for Citygold as Chief Administrative Officer for 4 years. She presently looks after human resources acquisition, management, training and development at our Company. She was also a Management Representative for ISO 9001-2000 related quality management systems requirements.
Mr. Chetan Mody, Company Secretary	Mr. Chetan Mody joined our Company in May 2006. He is a commerce graduate and fellow member of the Institute of Company Secretaries of India and holds a degree in Law. He has 33 years of post qualification experience in the field of secretarial, legal and general administration. Prior to joining our Company, he has worked with Raymond Limited and Hindustan Oil Exploration Company Limited. He looks after secretarial matters and regulatory compliances of our Company.
Mr. Kamal Matalia, Chief Accounts & Taxation	Mr. Kamal Matalia is associated with our Company since November 2005, and is currently our Chief Accounts & Taxation. He is a Chartered Accountant and a member of the Institute of Chartered Accountants of India and has over 22 years of experience in auditing and taxation. Prior to joining our Company, he has served as the proprietor of Kamal Matalia & Company. Mr. Kamal Matalia looks after internal audit, co-ordination with statutory auditors, finalization of accounts, preparation of income tax returns and follow up with the income tax department.
Mr. Mayur Shah, Chief Sales Officer	Mr. Mayur Shah is associated with our Company since November, 2005. He holds an MBA degree from Newport University, Mumbai and has over 14 years of experience in marketing and sales. He also holds a BE degree from Pune University. Prior to joining our Company Mr. Mayur Shah has worked in various organizations such as Indian Petrochemical Corporation Limited and Aarti Organics Limited. As Chief Sales Officer,



Name and Designation	Profile
	Mr. Mayur Shah is responsible for marketing and sales of projects at our Company.
Mr. Rajendra Shah, Chief – Budget & MIS	Mr. Rajendra Shah is associated with our Company since November 2005. He is a fellow member of the Institute of Chartered Accountants of India and is an associate member of Institute of Cost & Works Accountants of India. He has over 15 years of experience in financial management in the areas of cash flow management, treasury and project funding. He has worked in various organizations like Pal-Peugot Limited and Parikh, Shah, Desai and Associates. Mr. Rajendra Shah looks after the financial structure of our Company, liaises with banks, financial institutions and also handles budget & MIS of our Company.
Mr. V. N. Deshmukh, Chief Security Officer	Mr. V.N. Deshmukh has been associated with our Company since September 2007. He has an MA (English, American Literature) from Vidharbha Institute, Amravati. He has served for over 30 years in the Indian Police Services, and has last retired as the Director General of Police, Maharashtra. He was also the Ex-Chairman of Maharashtra Public Service Commission. As Chief Security Officer, Mr. V.N. Deshmukh is responsible for the security for all the sites of our Company.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 applies to us and our employees, and requires us to implement a code of internal procedures and conduct for the prevention of insider trading. We have already implemented an internal code of conduct in line with the SEBI (Prohibition of Insider Trading) Regulations, 1992 in this regard.

Interest of Directors

The Directors of our Company do not have any interest except; (i) to the extent of the compensation as mentioned above (ii) the shares held by them, directly or indirectly or their relatives or through entities in which they are interested and (iii) the agreements entered into by them or by their relatives/entities in which they may be interested with our Company pursuant to which the payments have been provided for, as disclosed under the section "*Financial Statements*" under the heading "*Related Party Transactions*".

All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company or other entity with any company in which they hold directorships or they or their relatives hold significant shareholding or beneficial interest any partnership firm in which they or their relatives are partners as declared in their respective declarations.

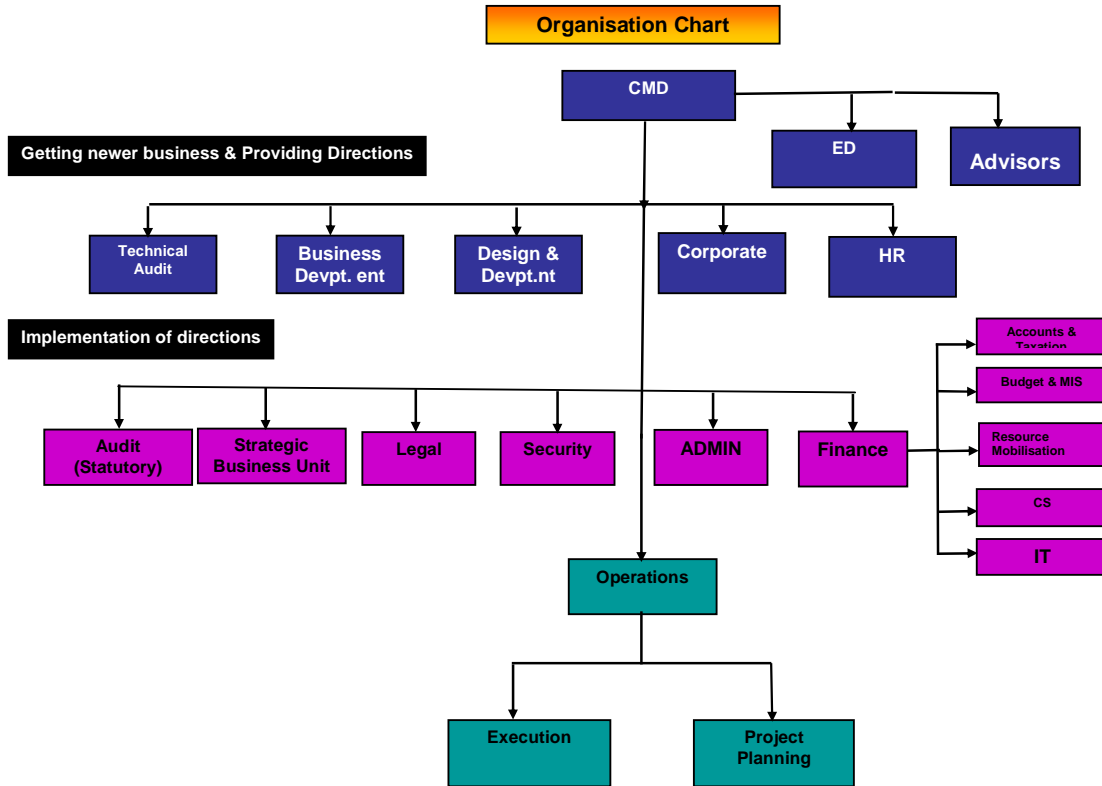
ESOPs

At present, our Company does not have any stock option scheme for its employees or the management.



Organisation Structure

The organisation structure in our Company is set out below:





REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government. The information detailed in this chapter has been obtained from the various legislations that are available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. In this section, unless the context requires otherwise, any reference to our Company refers to our Company and its Subsidiaries. No action or omission should be taken or contemplated based on the contents below without independent verification with each prospective investors' legal advisors, and any prospective investor who does without such independent verification and based on the contents hereinbelow would do so at his/her/its sole risk and without recourse to our Company or the GC-BRLM and Co-Manager or any other person or entity whatsoever.

We are engaged in the business of real estate development, slum rehabilitation and land development. Since our business involves the acquisition of land and land development rights, we are governed by a number of central and state legislation regulating substantive and procedural aspects of the acquisition of, and transfer of land. For the purposes of executing our projects, we may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant state and/or local governing bodies such as the Municipal Corporation of Greater Mumbai, Slum Rehabilitation Authorities, the Chief Fire Officer, the Environmental Department, the City Survey Department and the Collector.

Due to our Company's involvement in a SEZ, our Company is subject to and governed by the regulations and policies concerning SEZs and land acquisition. The following is an overview of the important laws and regulations which are relevant to our Company's business of real estate development.

The following overview also briefly encompasses laws and regulations applicable to foreign investment in the real estate sector, including investments by foreign institutional investors, as well as laws and regulations applicable to borrowings by real estate companies.

CENTRAL LAWS

The Urban Land (Ceiling and Regulation) Act, 1976

The Urban Land (Ceiling and Regulation) Act, 1976 prescribes the ceiling on acquisition of vacant urban land by a single entity. It has however been repealed in some States by the Urban Land (Ceiling and Regulation) Repeal Act, 1999 including in the States of Punjab, Haryana, Uttar Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan, Orissa and the Union Territories of India. The said enactment continues to be in force in the States of Andhra Pradesh, Assam, Bihar, Maharashtra and West Bengal.

The Land Acquisition Act, 1894

Land holdings are subject to the Land Acquisition Act, 1894 which provides for the compulsory acquisition of land by the Central Government or appropriate State Government for public purposes, including planned development and town and rural planning. However, any person having an interest in such land has the right to object to such compulsory acquisition and has the right to compensation. Some States have their own land acquisition statutes and our Company has to abide by State legislations in those States in which it conducts its business.

The Transfer of Property Act, 1882

The transfer of property, including immovable property, between living persons (as opposed to the transfer of property by the operation of law), is governed by the Transfer of Property Act, 1882. The Transfer of Property Act, 1882 establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

**The Indian Stamp Act, 1899**

Stamp duty must be paid on all instruments specified under the Indian Stamp Act, 1899 at the rates specified in the Schedules to the Indian Stamp Act, 1899. The rate of stamp duty varies from State to State. The applicable rates for stamp duty on the instruments chargeable with duty are prescribed by State legislation. Instruments chargeable to duty under the Indian Stamp Act, 1899 which are not duly stamped are incapable of being admitted in a court of law as evidence of the transaction contained therein. The Indian Stamp Act, 1899 also provides for impounding of instruments which are not sufficiently stamped or not stamped at all.

The Registration Act, 1908

The Registration Act, 1908 has been enacted with the object of providing public notice of the execution of documents affecting, *inter alia*, transfer of interest in immoveable property. The purpose of the Registration Act, 1908 is the conservation of evidence, assurances, title, and publication of documents and prevention of fraud. It details the formalities for registering documents. Section 17 of the Registration Act, 1908 identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the Transfer of Property Act, 1882 or as collateral), unless it has been registered.

The Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 provides for the protection and improvement of the environment and for matters connected there with, including without limitation the standards of quality of air, water or soil for various areas and purposes, the maximum allowable units of concentration of various environmental pollutants, procedure for handling of hazardous substances, the prohibition and restrictions on the location of industries and the carrying on of processes and operation in different areas.

The Easements Act, 1882

The law relating to easements is governed by the Easements Act, 1882. The right of easement is derived from the ownership of property and has been defined under the Easements Act, 1882 to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do and continue to do something or to prevent and continue to prevent something being done, in or upon, in respect of certain other land not his own. Under this law an easement may be acquired by the owner of immovable property, i.e. the dominant owner, or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local custom.

The Special Economic Zone, Act, 2005 and the Special Economic Zones Rules, 2006

SEZs are regulated and governed by the SEZ Act. The SEZ Act has been enacted for the establishment, development and management of the SEZs for the promotion of exports.

SEZs are specifically delineated duty free enclaves deemed to be foreign territories for purposes of Indian custom controls, duties and tariffs. There are three main types of SEZs: integrated SEZs, which may consist of a number of industries; services SEZs, which may operate across a range of defined services; and sector specific SEZs, which focus on one particular industry line. GoI has stated its objective behind setting up of SEZs as creation of an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Central and the State level, with the minimum possible regulations. The incentives and facilities offered to the units in SEZs for attracting investments into the SEZs, including foreign investment include:

- Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units.
- 100% Income Tax exemption on export income for SEZ units under Section 10AA of the I T Act, for first 5



years, 50% for the next 5 years thereafter and 50% of the ploughed back export profit for next 5 years.

- Exemption from minimum alternate tax under section 115JB of the IT Act.
- External commercial borrowing by SEZ units up to U.S.\$ 500 million in a year.
- Exemption from central sales tax.
- Exemption from service tax.
- Single window clearance for Central and State level approvals.
- Exemption from State sales tax and other levies as extended by the respective State Governments.

The SEZ Rules, 2006 have been enacted to effectively implement the provisions of the SEZ Act. The SEZ Rules 2006 provide for a simplified procedure for a single window clearance from Central and State Governments for setting up of SEZs and a 'unit' in a SEZ. The SEZ Rules, 2006 also prescribe the procedure for the operation and maintenance of a SEZ, for setting up and conducting business therein.

The SEZ Rules were recently amended by the Special Economic Zones (Amendment) Rules, 2009. Pursuant to the amendment, the government has allowed establishment of multi product special economic zone, wherein the units may be set up for manufacture of goods falling in two or more sectors or rendering of services falling in two or more sectors or any combination thereof including trading and warehousing.

Restrictions on Transfer

Under the SEZ Rules, 2006, the developer/ Co-developer is required to hold a minimum equity stake of 26% in an entity (i.e. special purpose vehicle or separate entity, being a company incorporated under the Companies Act) proposing to create business, residential or recreational facilities in an SEZ.

LAWS FOR CLASSIFICATION OF LAND USER

Usually, land is broadly classified under one or more categories, such as agricultural or non – agricultural (residential, commercial and industrial). Land classified under a specified category is permitted to be used only for such specified purpose. Where the land is originally classified as agricultural land, in order to use the land for any other purpose, the classification of the land it is required to be converted into residential, commercial or industrial purpose, by making an application to the relevant municipal or town and country planning authorities. In addition, some State governments in India have imposed various restrictions, which vary from State to State, on the transfer of property within such States.

Development of Agricultural Land

The acquisition of land is regulated by State land reform laws which prescribe limits up to which an entity may acquire agricultural land. Any transfer of land which results in the aggregate land holdings of the acquirer in the State to exceed this ceiling is void, and the surplus land is deemed, from the date of the transfer, to have been vested in the State government free of all encumbrances.

While granting licences for development of townships, the authorities generally levy proportional development charges for the provision of services such as laying down of main lines, drainage, sewerage, water supply and electricity, where the authority is carrying out the same. Such licences require approvals of layout plans for development and building plans for construction activities.

LAND USE PLANNING

Land use planning and its regulation, including the formulation of regulations for building construction, form a vital part of the urban planning process. There are several authorities having jurisdiction to regulate land use planning and real estate development activities in each Indian State.

Various enactments, rules and regulations have been made by the Government, concerned State governments and other authorised agencies and bodies such as the Ministry of Urban Development, State Land Development and/or Planning Boards, local municipal or village authorities, which deal with the acquisition, ownership, possession, development, zoning, planning of land and real estate. All relevant applicable laws, rules and regulations have to be taken into consideration by any person or entity proposing to enter into any real estate development or construction activity in this sector in India.

**Building Consents**

Each State and city has its own set of laws which govern planned development and rules for construction (such as floor area ratio "FAR" or floor space index "FSI" limits). The various authorities that govern building activities in States are the Town and Country Planning Department ("TCPD"), municipal corporations and the Urban Arts Commission. Any application for undertaking any construction or development activity has to be made to the TCPD, which is a State level department engaged in the physical planning of urban centres and rural areas in the State.

The municipal authorities regulate building development and construction norms. For example, building plans are required to be approved by the relevant municipal authority. The Urban Arts Commission advises the relevant State Government in the matter of preserving, developing and maintaining the aesthetic quality of urban and environmental design in some States and also provides advice and guidance to any local body with respect to building or engineering operations or any development proposal which affects or is likely to affect the skyline or the aesthetic quality of the surroundings or any public amenity provided therein. Under certain State laws, the local body, before it accords its approval for building operations, engineering operations or development proposals, is obliged to refer all such operations to the Urban Arts Commission and seek its approval for the project.

Besides the above, certain approvals and consents may also be required from various other departments, such as the Fire Department, the Airport Authority of India and the Archaeological Survey of India.

Laws specific to the state of Maharashtra**The Maharashtra Ownership of Flats (Regulation of the Promotion of Construction, Sale, Management and Transfer) Act, 1963**

The Maharashtra Ownership of Flats (Regulation of the Promotion of Construction, Sale, Management and Transfer) Act, 1963 ("MOF Act") applies throughout the State of Maharashtra. The provisions of the MOF Act apply to promoters / developers who intend to construct a block or building of flats on ownership basis. The MOF Act prescribes general liabilities of promoters and developers. Under the rules framed under the MOF Act, a model form of agreement to be entered into between promoters / developers and purchasers of flats has been prescribed. Under the MOF Act, the promoter / developer is required to enter into a written Agreement for sale of flat with each purchaser and the agreement contains prescribed particulars with relevant copies of documents and these agreements are compulsorily required to be registered.

Pursuant to an amendment dated May 12, 2008 to the MOF Act, the flats are eligible to be sold on the basis of carpet area only. The said carpet area includes the area of balcony of such flat. However, the promoters are allowed to separately charge for the common areas and facilities in proportion to the carpet area of the flat.

Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971

The Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971 ("MSA Act") provides for and governs the making of better provisions for improvement and clearance of slum areas in the State and their redevelopment and for the protection of occupiers from eviction and distress warrants.

Maharashtra Rent Control Act, 1999

The Maharashtra Rent Control Act, 1999 ("MRC Act") has been enacted to unify, consolidate and amend the law relating to control of rent and repairs of certain premises and of eviction in Maharashtra and for encouraging the construction of new houses by assuring a fair return on the investment by landlords and to provide for the matters connected with the purposes aforesaid.

Maharashtra Tax on Buildings (with Larger Residential Premises) Act, 1979

The Maharashtra Tax on Buildings (with Larger Residential Premises) Act, 1979 has been enacted to provide for levy of tax on buildings in corporation areas in the State of Maharashtra, which contain larger residential premises.

**The Bombay Stamp Act, 1958**

As stated above, the applicable rates for stamp duty on various instruments, including those relating to conveyance, are prescribed by state legislation. The stamp duty rates as applicable in Maharashtra have been prescribed by the Bombay Stamp Act, 1958 ("BSA"). Set out below are some of the salient rates of stamp duty in the context of the Company's operations:

- Development Agreement: under the BSA, stamp duty at the rate of 3 to 5 per cent, of the market value, as per Article 25 of the Schedule I to the BSA, is payable.
- Power of Attorney: if stamp duty is paid, as above, on the development agreement, then stamp duty payable is Rs. 200.
- Agreement with flat owners: Concessional stamp duty is provided for residential units and stamp duty on commercial units at the rate of 5%.
- In case of investments executed for the rehabilitation of slum dwellers, the Government of Maharashtra has, in exercise of its powers under section 9 of the BSA, reduced the stamp duty to Rs. 100 only.

The Maharashtra Value Added Tax Act, 2002

The Maharashtra Value Added Tax Act, 2002 prescribes certain requirements in relation to the payment of value added tax in Maharashtra.

The Maharashtra Cooperative Societies Act, 1960

The Maharashtra Cooperative Societies Act, 1960 has been enacted with a view to providing for the orderly development of cooperative movement in the State of Maharashtra in accordance with the relevant Directive Principles of State Policy enunciated in the Constitution of India.

Bombay Municipal Corporation Act, 1888

The Bombay Municipal Corporation Act, 1888 has been enacted to regulate the municipal administration of the city of Bombay (now Mumbai) and to secure the due administration of municipal funds.

The Maharashtra Housing and Area Development Act, 1976

The Maharashtra Housing and Area Development Act, 1976 has been enacted for giving effect to the policy of the State towards securing the principle specified in the Constitution of India and the execution of the proposals, plans or projects therefore and acquisition therefore of the lands and buildings and transferring the lands, buildings or tenements therein to the needy persons and cooperative societies of occupiers of such lands or buildings.

The Maharashtra Apartment Ownership Act, 1970

The Maharashtra Apartment Ownership Act, 1970 has been enacted to provide for ownership of an individual apartment in a building and to make such apartment heritable and transferable property.

The Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

The Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 has been enacted to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures and for other matters connected therewith or incidental thereto.

Slum Rehabilitation Scheme of the Government of Maharashtra

The Government of Maharashtra ("GoM") launched the Slum Rehabilitation Scheme in 1995 ("Scheme") by introducing amendments to the Development Control Regulations for Greater Bombay, 1991 ("DCR"). The Scheme was made effective from December 25, 1995. The provisions of the Scheme are contained in Regulation 33(10) and Appendix IV of the DCR. Under the Maharashtra Regional and Town Planning Act, 1966 ("MRTPA") the SRA, appointed under section 3A of the Maharashtra Slum Areas (Improvement and Redevelopment) Act, 1971, serves as a planning authority for all slum areas in Greater Mumbai except those located in the Maharashtra Industrial Development Corporation ("MIDC") area and to facilitate the slum rehabilitation scheme. The powers, duties and functions of the SRA are to survey and formulate schemes of rehabilitation of slum areas and to ensure their implementation.

Working of the Slum Rehabilitation Scheme

- All slum dwellers whose names appear in the electoral roll of January 1, 1995 or prior electoral roll and who are presently residing in huts are eligible to claim free tenement under the rehabilitation scheme.
- At least 70% of the eligible hutment dwellers in a slum or pavement in a viable stretch at one place must agree to join the rehabilitation scheme and come together to form a co-operative housing society of all eligible hutment dwellers through a resolution to that effect.
- The decision to search a competent developer to act as a promoter has to be taken by the proposed co-operative housing society of slum-dwellers. The society itself or the developer can take up slum rehabilitation scheme as a promoter.
- An individual agreement must be entered into between the developer and the hutment dweller jointly with his/her spouse for every structure.
- After obtaining the requisite level of consent of the slum dwellers, the Developer submits a detailed slum rehabilitation proposal to the SRA along with various documents such as building plan, layout plan, PR card, for approval.
- The SRA scrutinizes the proposal and sanctions the rehabilitation scheme.
- The SRA approves the scheme within a time limit of 30 days. In the event of a failure by the SRA to do so, the approval shall be deemed to have been given, provided the project is in accordance with the provisions of the Scheme.
- The SRA issues a letter of intent to the Developer conveying the approval to the scheme, approval to the layout, building wise plan approval (I.O.A. or Intimation of Approval) and C.C. (Commencement Certificate) first in relation to the rehabilitation component and thereafter in relation to the proportionate free sale component.
- The Developer proceeds with the implementation of the scheme.
- Providing temporary transit accommodation to the slum-dwellers, during the construction and rehabilitation of free-sale tenements, is the responsibility of the promoter.
- Eligible hutment dwellers are allotted in exchange for their structure, free of cost, a residential tenement having a carpet area of 269 sq.ft. In respect of eligible commercial tenements, equivalent area is allotted to the dweller, as was occupied prior to the development.
- The Developer will re-house the slum dweller as per the list certified by SRA allotting tenements and shop area free of cost.
- The Developer should register the society of slum dwellers to be re-housed under the Slum Rehabilitation Scheme after completion of the project.
- The rehabilitation tenements cannot be sold/leased/assigned/transferred in any manner for 10 years from the date of taking over possession except to legal heirs without the prior permission of SPA.
- SRA leases part of the land on which the rehabilitation component of the scheme is constructed initially for 30 years to be renewed for a further period of 30 years at a nominal lease rent of Rs.1,001 for 4,000 square mtrs of land to the society of slum dwellers. The same conditions apply to land under the free sale component and the land shall be leased directly to the society/association of the purchasers on the free sale components pending which it shall be leased to the developer.
- In consideration of the Developer providing tenements to the slum dwellers free of cost, the Developer is permitted to construct and sell separate structures in the plot. The ratio between the rehabilitation component and the sale component varies from 1:1 to 1:1.33, depending upon the location of the project.
- Prior to applying for an occupation certificate for the rehabilitation building, the Developer has to deposit with the SRA / SPA, an amount of Rs. 20,000 per rehabilitation tenement for meeting the maintenance costs.

- The Developer is also required to pay infrastructure development charges of Rs. 840 per square meter (depending upon the location of the project) for the Built-up area over and above the normally permissible FSI for the Rehabilitation and free Sale tenements.
- FSI to be sanctioned for a slum rehabilitation project may exceed 2.5, but the maximum FSI that can be utilized on any slum site for a project cannot exceed 2.5. The difference between the sanctioned higher FSI and 2.5, if any, is made available in the form of Transferable Development Rights ("TDR"). If the full amount of the relevant FSI cannot be used on the same site due to constraints such as height restrictions, uneconomical site conditions, etc., TDR may be allowed as necessary even without consuming FSI upto 2.5 on the same site, or to the north of the site.
- The SRA on being satisfied that it is necessary to do so, or when directed by the State government, shall denotify a slum rehabilitation area.

Slum Protection Programme

The Government of Maharashtra has formulated the housing policy for the State of Maharashtra with the objective of providing affordable houses for poor on rental basis. Under the said Slum Prevention Programme, the Government of Maharashtra appointed MMRDA as a project implementing agency to implement the projects with the objective of increasing the housing stock by constructing or procuring maximum rental housing units in Mumbai Metropolitan Region, and to make available housing units of 160 sq. ft. carpet area at a reasonable rent.

Consequently, pursuant to an amendment dated August 6, 2008, regulation 33(23A) and regulation 33(23B) were inserted in the DCR, wherein directions in relation to construction of rental houses on unencumbered land were issued. In terms of the said regulations, for construction of rental houses on unencumbered land by land owner or any other agency approved by MMRDA within the limits of suburbs & extended suburbs of greater Mumbai, the FSI shall be 3.00. Additionally, for construction of rental houses on unencumbered lands by MMRDA on land vested with them within the limits of suburbs & extended suburbs of the FSI shall be 4.0 and out of 4.0 FSI, 25% of 4.0 FSI shall be allowed for commercial use which can be sold in open market to subsidize the component of rental housing. The regulations also provide for eligibility for allotting rental houses, building details and other requirements.

Development Control Regulations for Greater Mumbai, 1991 (Development Control Regulations)

The Development Control Regulations for Greater Mumbai, 1991 (Development Control Regulations) ("Development Control Regulations") were formulated under the Maharashtra Regional Town Planning Act, 1966. The Development Control Regulations apply to building activity and development work in areas under the entire jurisdiction of the Municipal Corporation of Greater Mumbai.

The Development Control Regulations provides for an alternative to acquisition under the Land Acquisition Act by way of Transfer of Development Rights (TDRs). The permissible floor space index (FSI) defines the development rights of every parcel of land in Mumbai. If a particular parcel of land is designated for a public purpose, the land owner has an option of accepting monetary compensation under the Land Acquisition Act, 1894 or accept TDRs which can be sold in the market for use elsewhere in Mumbai. Regulation 34 the Development Control Regulations states that in certain circumstances, the development potential of a plot of land may be separated from the land itself and may be made available to the owner of the land in the form of TDRs. Regulation 33 (10) of the Development Regulations provides that additional floor space index will be allowed to owners/developers of land on which slums are located where such owners/developers are prepared to provide 269 square feet dwelling units free of cost to the slum dwellers. The remainder of total development rights can be used as TDR. The Development Control Regulations also set out standards for building design and construction, provision of services like water supply, sewerage site drainage, access roads, elevators, fire fighting etc.

Development Control Regulations for Mumbai Metropolitan Region, 1999

The Development Control Regulations for Mumbai Metropolitan Region, 1999 ("Development Control Regulations for MMR") apply to the development of any land situated within the Mumbai Metropolitan Region as defined in the Mumbai Metropolitan Region Development Authority Act, 1974. Regulation 15.3.1 states that no person can carry out any development (except those stated in proviso to section 43 of the Maharashtra Regional Town Planning Act, 1966) without obtaining permission from the Planning Authority and other relevant authorities including Zilla Parishads and the Pollution Control Board.

The Development Control Regulations for MMR have demarcated the region into various zones for development purposes including urbanisable zones, industrial zone, recreation and tourism development zone, green zones and forest zone. Regulation 15.3.5 states that development of land in these zones (other land in specified urbanisable zone and industrial zone) shall not be permitted unless the owner undertakes to provide at his own cost physical and social infrastructural facilities including roads, water supply, sewage waste disposal systems, electricity, play grounds etc. as well as any other facilities that the Planning Authority will determine. Regulation 15.3.7 provides that all developments which are existing prior to the Development Control Regulations for MMR, which are authorised under the Maharashtra Regional Town Planning Act, 1966 and Maharashtra Land Revenue Code, 1966 but which are not in conformity with the use provisions of the Regional Plan or these Regulation will continue as though they are in the conforming zone and will be allowed reasonable expansion within existing land area and within FSI limits prescribed by these Regulations.

Building Consents

Each state and city has its own set of laws, which govern planned development and rules for construction (such as floor area ratio or floor space index limits). The various authorities that govern building activities in states are the town planning authority, municipal corporations and the Urban Arts Commission. Any application for undertaking any construction or development activity has to be made to the town planning authority, which is a state level department engaged in the physical planning of urban centres and rural areas in the state.

The municipal authorities regulate building development and construction norms. For example, building plans are required to be approved by the relevant municipal authority. The Urban Arts Commission advises the relevant State Government in the matter of preserving, developing and maintaining the aesthetic quality of urban and environmental design in some states and also provides advice and guidance to any local body with respect to building or engineering operations or any development proposal which affects or is likely to affect the skyline or the aesthetic quality of the surroundings or any public amenity provided therein.

Under certain State laws, the local body, before it accords its approval for building operations, engineering operations or development proposals, is obliged to refer all such operations to the Urban Arts Commission and seek its approval for the project. Additionally, certain approvals and consents may also be required from various other departments, such as the Fire Department, the Airport Authority of India and the Archaeological Survey of India.

Urban Development Laws

State legislations provide for the planned development of urban areas and the establishment of regional and local development authorities charged with the responsibility of planning and development of urban areas within their jurisdiction. Real estate projects have to be planned and developed in conformity with the norms established in these laws and regulations made there under and require sanctions from the government departments and developmental authorities at various stages. Where projects are undertaken on lands that form part of the approved layout plans and/or fall within municipal limits of a town, generally the building plans of the projects have to be approved from concerned municipal or developmental authority.

Building plans are required to be approved for each building within the project area. Clearances with respect to other aspects of development such as fire, civil aviation and pollution control are required from appropriate authorities, depending on the nature, size and height of the projects.



REGULATIONS REGARDING BORROWINGS BY REAL ESTATE COMPANIES

Domestic lending to property developers

Although there are no restrictions on a real estate company's ability to undertake debt obligations from domestic institutions, the RBI has, in its circular dated March 1, 2006 (RBI/2005-06/310 DBOD.BP.BC. 65/08.12.01/2005-06) and the Master Circular on Housing Finance dated July 1, 2009 (RBI/ 2009-10/75 DBOD. No.DIR. (HSG). BC.08 /08.12.01/2009-10) cautioned all scheduled commercial banks in India ("SCBs") to curb excessively risky lending by exercising selectivity and strengthening the loan approval process. In view of the above, the RBI has advised the SCBs that while appraising loan proposals involving real estate, the SCBs should ensure that the borrowers have obtained prior permission from the concerned Government or other statutory authorities for the relevant project, wherever required.

Overseas lending to property developers

External commercial borrowings ("ECB") are governed by the guidelines issued by the RBI from time to time. RBI issued the current ECB guidelines through the Master Circular dated July 1, 2009 (RBI/2009-10/ 27 Master Circular No. 07/2009-10). In addition, A. P. (DIR Series) Circular No. 01 (RBI/2008-09/92 dated 11 July 2008), A. P. (DIR Series) Circular No. 16 (RBI/2008-09/190 dated 22 September 2008), A. P. (DIR Series) Circular No. 20 (RBI/2008-09/210 dated 8 October 2008), A. P. (DIR Series) Circular No. 26 (RBI/2008-09/245 dated 22 October 2008), A.P. (DIR Series) Circular No. 46 (RBI/2008-09/343 dated 2 January, 2009) and A.P. (DIR Series) Circular No. 64 (RBI/2008-09/343 dated 28 April 2009) have been issued by the RBI (collectively "ECB Guidelines").

In terms of the ECB Guidelines, utilization of ECB proceeds is not permitted in the real estate sector.

However the A.P. (DIR Series) Circular No. 46 (RBI/2008-09/343 dated January 2, 2009) mentioned above permits corporates engaged in the development of integrated townships (which includes housing, commercial premises, hotels, resorts, city, and regional urban infrastructure facilities such as roads and bridges, mass rapid transit systems and manufacture of building materials) to avail of ECBs with prior approval of the RBI. The aforesaid circular requires that the minimum area proposed to be developed as integrated township to be 100 acres, for which norms and standards are required to be complied with as per local bye laws/rules. However, in the absence of any such bye-laws/rules, a minimum of two thousand dwelling units for about ten thousand people are required to be developed.

Further, under the ECB Guidelines, the units in an SEZ can raise ECBs for their own requirements, but borrowed funds may not be transferred or further lent to their affiliates or any other units in the domestic tariff area.



OWNERSHIP OF INDIAN SECURITIES BY FOREIGN INSTITUTIONAL INVESTORS

General

Foreign investment in securities issued by Indian companies is regulated by the Foreign Exchange Management Act, 1999 ("FEMA") and the rules, regulations and notifications issued by the Reserve Bank of India ("RBI") thereunder.

A person resident outside India can subscribe to, acquire or sell any security of an Indian company or any other security to an Indian resident only under the terms and conditions specified in the FEMA and the rules and regulations made thereunder or as permitted by the RBI. An Indian company may issue securities to a person resident outside India or record in its books any transfer of security from or to such person only in the manner specified in the FEMA and the rules and regulations made thereunder or as permitted by the RBI.

Investment by Foreign Institutional Investors

Pension funds, mutual funds, investment trusts, insurance or reinsurance companies, endowment funds, university funds, foundation or charitable trusts or charitable societies who propose to invest on their own behalf and asset management companies, nominee companies, institutional portfolio managers, trustees, power of attorney holders, banks who propose to invest their proprietary funds or on behalf of "broad based" funds or on behalf of foreign corporate entities and individuals may register with the SEBI as Foreign Institutional Investors ("Foreign Institutional Investors" or "FIIs").

Investments made by FIIs are governed by the Portfolio Investment Scheme under the Security Regulations. As per the Portfolio Investment Scheme, Foreign Institutional Investors registered with the SEBI may buy or sell securities of Indian companies on stock exchanges in India through registered stock brokers. FIIs are also permitted to purchase shares and convertible debentures of an Indian company, subject to the percentage limits specified either through:

- a public offer, where the price of the shares to be issued is not less than the price at which the shares are issued to Indian residents; or
- a private placement, where the price of the shares to be issued is not less than the price according to the terms of the relevant SEBI guidelines or the guidelines issued by the former Controller of Capital Issues as applicable.

Foreign investors are not necessarily required to register with SEBI as Foreign Institutional Investors and may invest in securities of Indian companies pursuant to the Foreign Direct Investment route discussed above. Foreign investors wishing to generally invest and trade in Indian securities in India as a Foreign Institutional Investor are required to register with SEBI and obtain a general permission from the RBI. However, since SEBI provides a single window clearance, a single application must be made to SEBI.

Foreign Institutional Investors who are registered with SEBI are required to comply with the provisions of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995 ("Foreign Institutional Investor Regulations"). A registered Foreign Institutional Investor may, subject to the pricing and ownership restrictions discussed below, freely buy and sell securities issued by any Indian company, realise capital gains on investments made through the initial amount invested in India, appoint a domestic custodian for custody of investments made and repatriate the capital, capital gains and dividends that they may receive or make.

Subject to the terms and conditions set out in the Foreign Institutional Investor Regulations, and subject to any sectoral restrictions that may be applicable to FIIs under the foreign investment regime in India, a registered Foreign Institutional Investor or a sub-account of a FII may buy or sell equity shares or debentures of Indian companies through stock exchanges in India at the ruling market price and also buy or sell shares or debentures of listed or unlisted companies other than on a stock exchange in compliance with the applicable SEBI / RBI pricing norms. A Foreign Institutional Investor is not permitted to hold more than 10% of the total issued capital of an Indian company; a corporate or individual sub-account of the Foreign Institutional Investor is not permitted to hold more than 5% of the total issued capital of an Indian company, and a broad based fund or proprietary fund sub-account is not permitted to hold more than 10% of the total issued capital of an Indian



company. The total holding of all Foreign Institutional Investors in an Indian company is subject to a cap of 24% of the total issued capital of the company which may be increased up to the percentage of sectoral cap on FDI in respect of the said company with the passing of a special resolution by the shareholders of the company in a general meeting.

Foreign Institutional Investors who are registered with SEBI are required to comply with the provisions of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995 ("Foreign Institutional Investor Regulations"). A registered Foreign Institutional Investor may, subject to the pricing and ownership restrictions discussed below, freely buy and sell securities issued by any Indian company, realise capital gains on investments made through the initial amount invested in India, appoint a domestic custodian for custody of investments made and repatriate the capital, capital gains and dividends that they may receive or make.

Subject to the terms and conditions set out in the Foreign Institutional Investor Regulations, and subject to any sectoral restrictions that may be applicable to FIIs under the foreign investment regime in India, a registered Foreign Institutional Investor or a sub-account of a FII may buy or sell equity shares or debentures of Indian companies through stock exchanges in India at the ruling market price and also buy or sell shares or debentures of listed or unlisted companies other than on a stock exchange in compliance with the applicable SEBI / RBI pricing norms. A Foreign Institutional Investor is not permitted to hold more than 10% of the total issued capital of an Indian company; a corporate or individual sub-account of the Foreign Institutional Investor is not permitted to hold more than 5% of the total issued capital of an Indian company, and a broad based fund or proprietary fund sub-account is not permitted to hold more than 10% of the total issued capital of an Indian company. The total holding of all Foreign Institutional Investors in an Indian company is subject to a cap of 24% of the total issued capital of the company which may be increased up to the percentage of sectoral cap on FDI in respect of the said company with the passing of a special resolution by the shareholders of the company in a general meeting.

Transfer of shares of an Indian Company between a person resident outside India and a person resident in India

Subject to what is stated below, a person resident outside India may transfer the shares held by him in Indian companies in accordance with the Security Regulations. A person resident outside India (other than NRI and OCB), is generally permitted to transfer by way of sale or gift the shares held by him to any other person resident outside India (including NRIs) without the prior approval of the RBI. NRIs and erstwhile OCBs are generally permitted to transfer by way of sale or gift the shares held by them to other NRIs without the prior approval of the RBI. However, in both the above cases, FIPB approval would be required if the person acquiring the shares has an existing venture or tie-up in India (as on January 12, 2005) in the same field in which the company whose shares are being transferred is engaged. This restriction is however, not applicable to the transfer of shares to international financial institutions and to transfer of shares of a company engaged in the information technology sector.

A person resident outside India is generally permitted to transfer any security held by him in an Indian company to a person resident in India by way of a gift. A person resident outside India is also generally permitted to sell the shares of an Indian company held by him on a recognised stock exchange in India through a registered broker. Further, the RBI has granted, by master circular dated July 1, 2008, general permission for the transfer of shares by a person resident outside India to a person resident in India, subject to compliance with certain terms, conditions and reporting requirements.

Except in cases listed below, a person resident in India is generally permitted to transfer the shares of an Indian company held by him by way of sale under a private arrangement to a person resident outside India, subject to compliance with certain terms, conditions and reporting requirements. Transfers by a person resident in India to a person resident outside India requires prior approval of the RBI in the following cases:

- transfer of shares in a company in the financial services sector such as banks, non-banking financial companies, asset reconstruction companies, insurance companies, stock exchanges, etc.
- transfers which attract the provisions of the Takeover Code.
- transfer of shares of companies engaged in sectors in which FDI is prohibited or where transfer of shares results in the FDI sectoral caps being breached.



Transfer of shares of an Indian company by a person resident in India to a person resident outside India requires prior approval of the FIPB if such transfer is in respect of a company in a sector with a cap, and such transfer results in the Indian company being (a) owned by a non-resident entity; or (b) controlled by a non-resident entity; or (c) the control of the Indian company (owned or controlled by resident Indian citizens) being transferred or passed on to a non-resident entity through amalgamation, merger, acquisition, etc.

A person resident outside India is not permitted to purchase shares of an Indian company on a stock exchange, without the prior approval of the RBI, unless such person is registered as an FII. Further, as per the SEBI ICDR Regulations, Equity Shares allotted pursuant to this Issue are not permitted to be sold for a period of one year from the date of Allotment, except on a recognized stock exchange in India.

Important: Any person resident outside India seeking to sell the Equity Shares Allotted pursuant to this Issue or otherwise transfer such Equity Shares, whether or not through a stock exchange, should seek advice of their Indian legal advisers as to the applicable requirements.



ISSUE PROCEDURE

Below is a summary intended to present a general outline of the procedure relating to the bidding, payment, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and the Investors are advised to appraise themselves of the same from our Company or the GC-BRLM and Co-Manager. The Investors are further advised to inform themselves of any restrictions or limitations that may be applicable to them, and are required to consult their respective advisers in this regard. Investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the GC-BRLM and Co-Manager and their respective directors, officers, agents, advisors, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the GC-BRLM and Co-Manager and their respective directors, officers, agents, advisors, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company. Also see the sections entitled "Transfer Restrictions" and "Selling Restrictions".

Qualified Institutional Placement

The Issue is being made in reliance upon Chapter VIII of the SEBI ICDR Regulations through the mechanism of qualified institutional placements wherein an Indian listed company may issue and allot equity shares/ fully convertible debentures/ partly convertible debentures/ non-convertible debentures with warrants or any other security (excluding warrants) on a private placement basis to Qualified Institutional Buyers as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations provided that:

- Equity Shares of the same class of such company are listed on a stock exchange in India that has nation-wide trading terminals; and
- such company complies with the minimum public shareholding requirements set out in the listing agreement with the stock exchange referred to above.

The aggregate of the proposed qualified institutional placement and all previous qualified institutional placements made in the same financial year shall not exceed five times the net worth of the issuer as per the audited balance sheet of the previous financial year.

Securities allotted to a QIB pursuant to a qualified institutional placement shall not be sold for a period of one year from the date of Allotment except on a recognized stock exchange in India;

Our Company has received in-principle approval under Clause 24(a) of the Listing Agreement from BSE and NSE vide their letters dated August 31, 2009 and August 31, 2009 for the listing of the Equity Shares on BSE and NSE.

We have also filed a copy of the Placement Document with the Stock Exchanges.

The relevant date for the determination of Floor Price for the issue of the Equity Shares means the date of the meeting in which the Board of our Company or any Committee thereof, thereof decides to open the Issue.

The Issue Price shall be equal or more than the price calculated in accordance with Clause 13A.3 of the Erstwhile SEBI DIP Guidelines, which shall be the Floor Price;

Pursuant to the provisions of Section 67 of the Companies Act, for a transaction that is not a public offering, an invitation or offer may not be made to more than 49 persons.



Issue procedure

1. Our Company and the GC-BRLM and Co-Manager shall circulate serially numbered copies of the Preliminary Placement Document and the Bid-cum-Application Form, either in electronic form and/or physical form to not more than 49 QIBs.
2. The list of QIBs to whom the Bid-cum-Application Form is delivered shall be determined by our Company and the GC-BRLM and Co-Manager at their sole discretion. Unless a serially numbered Preliminary Placement Document and the Bid-cum-Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person.
3. Our Company shall intimate the Bid/Issue Opening Date to the Stock Exchanges.
4. QIBs may submit their Bids through the Bid-cum-Application Form during the Issue period to any of the GC-BRLM and Co-Manager.
5. QIBs may submit such Bid-cum-Application Forms to the GC-BRLM and Co-Manager and would have to indicate the following in the Bid-cum-Application Form:
 - a. Full name of the QIB to whom Equity Shares are to be allotted
 - b. Number of Equity Shares Bid for
 - c. Price at which they are agreeable to Bid for the Equity shares provided that QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price" which shall be any price as may be determined by our Company in consultation with the GC-BRLM and Co-Manager at or above the minimum price calculated in accordance with Clause 13A.3 of the Erstwhile SEBI DIP Guidelines which shall be the Floor Price;
 - d. The details of the dematerialised account(s) to which the Equity Shares should be credited.

Note: Each sub-account of an FII will be considered as an individual QIB and separate Bid-cum-Application Form will be required from each sub-account for submitting Bids. It may be noted that a sub-account which is a foreign corporate or a foreign individual is not a "QIB" in terms of SEBI ICDR Regulations.

6. Once the Bid-cum-Application Form is submitted by the QIB, the Bid constitutes an irrevocable offer and cannot be withdrawn. The Bid may be revised till Bid/Issue Closing Date, for which the QIB will have to revise the Bid in a Revision Form available with each of the GC-BRLM and Co-Manager. Revision Forms received after the closure of the Issue on Bid/Issue Closing Date shall not be considered as valid and the original Bid will stand. Upon the receipt of duly completed Bid-cum-Application Form, the GC-BRLM and Co-Manager shall issue the CAN to the applicants.
7. The Bid Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date.
8. Upon receipt of the duly completed Bid-cum-Application Form, our Company shall, in consultation with the GC-BRLM and Co-Manager, after the closure of the Issue, decide (i) the Issue Price and (ii) the number of Equity Shares to be Allocated and the Applicants to whom the same would be Allocated. Our Company shall notify the Stock Exchanges of the Issue Price. On determination of the Issue Price, the GC-BRLM and Co-Manager will send the CAN to the QIBs who have been Allocated Equity Shares. The dispatch of the CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIBs. The CAN shall contain details like the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for the Allotment of Equity Shares in its name and the Pay-In Date as applicable to the respective QIB. The decision of our Company and the GC-BRLM and Co-Manager in this regard shall be at their sole and absolute discretion, and may not be proportionate to the number of Equity Shares applied for.



9. QIBs would have to deliver the cheque /confirmation of payment through electronic transfer for the application monies to the Escrow Account of our Company by the Pay-In Date as specified in the CAN sent to the respective QIBs.
10. Upon receipt of the application monies from QIBs, and after receipt of in principle approvals under Clause 24 (a) of the Listing Agreement, our Company shall issue and allot the Equity Shares to those QIBs as per the details provided in their respective CANs. Our Company shall intimate to the Stock Exchanges the details of the Allotment. The allottees shall in no event exceed 49 (Forty-nine) in number.
11. Our Company shall then apply for listing of the Equity Shares. After receiving the listing approval, Equity Shares shall be credited into the depository participant accounts of the QIBs.
12. Our Company shall then apply for the final trading permission from the Stock Exchanges.
13. The Equity Shares that have been so allotted and credited to the depository participant accounts of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading approval from the Stock Exchanges.
14. As per the applicable laws, the Stock Exchanges shall notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company shall communicate the receipt of the listing and trading approvals from the Stock Exchanges to those QIBs to whom the Equity Shares have been allotted. Our Company and GC-BRLM and Co-Manager shall not be responsible for any delay or non-receipt of the communication of the listing and trading approvals from the Stock Exchanges or any loss arising from such delay or non-receipt. QIBs are advised to appraise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations are eligible to invest. For the purposes of the Issue, the term "QIB" means the following:

- A mutual fund, venture capital fund and foreign venture capital investor registered with the Board;
- A foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board;
- A public financial institution as defined in section 4A of the Companies Act, 1956;
- A scheduled commercial bank;
- A multilateral and bilateral development financial institution;
- A state industrial development corporation;
- An insurance company registered with the Insurance Regulatory and Development Authority;
- A provident fund with minimum corpus of twenty five crore rupees;
- A pension fund with minimum corpus of twenty five crore rupees;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.

Note: It may be noted that the QIB's under the Erstwhile SEBI Guidelines and under the SEBI ICDR Regulations are the same.

FII's are permitted to participate in the Issue through the Portfolio Investment Scheme (PIS). FII's are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of such persons does not exceed specified limits as prescribed under applicable laws in this regard.

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of our Company.



Currently, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company. With the approval of our Board and that of the shareholders by way of a special resolution, the aggregate FII holding limit can be enhanced up to the sectoral cap; however as of the date of the Placement Document no such resolution has been recommended to our shareholders for approval.

No Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being our Promoter or any person related to our Promoter(s). QIBs, who have all or any of the following rights shall be deemed to be a person related to Promoter(s):

- a) rights under a shareholders agreement or voting agreement entered into with our Promoters or persons related to our Promoters;
- b) veto rights; or
- c) right to appoint any nominee director on our Board.

unless a QIB has acquired any of these rights in its capacity as a lender to our Company and such QIB does not hold any shares in our Company.

We and the GC-BRLM and Co-Manager are not liable for any amendment or modification or change in applicable laws or regulations, which may occur after the date of the Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single Bid-cum-Application Form from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Code, and the QIB shall be solely responsible for compliance with tender offer and disclosure obligations under the Takeover Code, SEBI (Prohibition of Insider Trading) Regulations, 1992 and other applicable laws, rules, regulations, guidelines and circulars.

A minimum of 10% of the Equity Shares in the Issue shall be allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion (or part thereof not so taken up) may be allotted to other QIBs.

Note: Affiliates or associates of the GC-BRLM and Co-Manager who are QIBs may participate in the Issue in compliance with applicable laws.

Bid/Issue Programme

Bidding Period / Issue Period:

**BID/ISSUE OPENS ON
BID/ISSUE CLOSES ON**

**Thursday, September 03, 2009
Monday, September 07, 2009**

Application Process

Bid-cum-Application Form

QIBs shall only use the specified serially numbered Bid-cum-Application Form supplied by the GC-BRLM and Co-Manager in either electronic form or by physical delivery for the purpose of making an Application in terms of the Preliminary Placement Document and the Placement Document. Revisions to the Bid shall only be made in the Revision Form.

QIBS WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR



THIS PURPOSE, SUBACCOUNTS OF A FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

IF SO REQUIRED BY THE GC-BRLM AND CO-MANAGER, THE QIB SUBMITTING A BID, ALONG WITH THE BID-CUM-APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE GC-BRLM AND CO-MANAGER TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE GC-BRLM AND CO-MANAGER, COLLECTION BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

The submission of the Bid-cum-Application Form by the QIBs shall be deemed a valid, binding and irrevocable offer by the QIB to pay the entire Issue Price for its share of Allocation (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by our Company in favour of the QIB.

Each scheme / fund of a mutual fund will have to submit separate Bid-cum-Application Forms. Demographic details like address, bank account etc. will be obtained from the Depositories as per the demat account details given above.

By making an Application (including revision) for Equity Shares pursuant to the terms of the Preliminary Placement Document and the Placement Document, the QIB will be deemed to have made the representations and warranties as contained in the paragraph titled "Representations by Investors" in the section entitled "Notice to Investors" of the Placement Document, in addition to the representations, warranties and agreements made under the section entitled "Selling Restrictions" of the Placement Document.

The QIBs may also be sent a serially numbered Placement Document either in electronic form or by physical delivery.

Bids by MFs

The Bids made by the asset management companies or custodian of MFs shall specifically state the names of the concerned schemes for which the Bids are made. Each scheme/fund of a mutual fund will have to submit separate Bid-cum-Application Form.

In case of a MF, a separate Bid can be made in respect of each scheme of the MF registered with SEBI and such Bids in respect of more than one scheme of the MF will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by MFs:

No MF scheme shall invest more than 10% of its net asset value in Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No MF under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

The above information is given for the benefit of the Bidders. We and the GC-BRLM and Co-Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Preliminary Placement Document. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under the applicable laws and regulations.



Submission of Bid-cum-Application Form

All Bid-cum-Application Forms shall be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied. The Bid-cum-Application Form shall be submitted to any of the GC-BRLM and Co-Manager either through electronic form or through physical delivery at the following address:

Anand Rathi Advisors Limited

11th Floor, Times Tower, Senapati Bapat Marg
Lower Parel,
Mumbai – 400 013.
Tel: +91-22-4047 7000
Fax: +91-22-4047 7070
E-mail: ackruti.qip@rathi.com
Contact Person: V. Prashant Rao / Akshay Bhandari

Pioneer Investcorp Limited

1218, Maker V, Nariman Point,
Mumbai – 400 021.
Tel: +91-22-6618 6633
Fax: +91-22-6618 6623
E-mail: ackrutiqip@pinc.co.in
Contact Person: Satish Acharya / Ojas Mody

The GC-BRLM and Co-Manager shall not be required to provide any written acknowledgement of the same.

Pricing and Allocation

Build up of the Book

The QIBs shall submit their Bids through the Bid-cum-Application Form within the Issue period to any of the GC-BRLM and Co-Manager who shall maintain the Book.

Price discovery and allocation

We, in consultation with the GC-BRLM and Co-Manager, shall finalize the Issue Price for the Equity Shares which shall be at or above the Floor Price.

After finalization of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

We shall determine the Allocation in consultation with the GC-BRLM and Co-Manager on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.



Bid-cum-Application Forms received from the Applicants at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid applications being received at or above the Issue Price.

THE DECISION OF OUR COMPANY AND GC-BRLM AND CO-MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT OUR SOLE AND ABSOLUTE DISCRETION AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATIONS AT OR ABOVE THE ISSUE PRICE. NEITHER WE NOR THE GC-BRLM AND CO-MANAGER ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

Number of Allottees

The minimum number of allottees in the Issue shall not be less than:

- (a) two, where the Issue Size is less than or equal to Rs. 2.5 billion; or
- (b) five, where the Issue Size is greater than Rs. 2.5 billion.

Provided that no single allottee shall be allotted more than 50% of the Issue size.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single allottee for the purpose of this clause. For details of what constitutes "same group" or "common control" see "Application Process— Bid-cum-Application Form."

The maximum number of allottees of Equity Shares shall not be greater than 49 allottees.

THE DECISION OF OUR COMPANY AND GC-BRLM AND CO-MANAGER IN RESPECT OF ALLOTMENT SHALL BE FINAL AND BINDING ON ALL QIBS.

Confirmation and Allocation Note ("CAN")

Based on the Bids received and the Issue Price decided, our Company and the GC-BRLM and Co-Manager will, in their sole and absolute discretion, decide the QIBs to whom the CAN shall be sent containing details of the Equity Shares allocated to them and the details of the amounts payable by them for Allotment of the Equity Shares in their respective names. Additionally, the CAN would include details of the bank account for transfer of funds if done electronically, Pay - in Date as well as the probable designated date, "Designated Date", being the date of credit of the Equity Shares to the investor's account, as applicable to the respective QIBs. The dispatch of the serially numbered Preliminary Placement Document and the CAN shall be deemed to be a valid, binding and irrevocable non-negotiable and non transferable obligation on QIB to furnish all details that may be required by the GC-BRLM and Co-Manager and to pay the entire Issue Price for all the Equity Shares allocated to such QIB.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allocated/Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

Our Company has opened a special bank account (Designated Bank Account / Escrow Account) with HDFC Bank Limited ("Collection Bank / Designated Bank / Escrow Bank") in terms of the arrangement between GC-BRLM and Co-Manager, our Company and the Collection Bank. The QIB, to whom CAN is sent, will be required to deposit the entire amount payable for the Equity Shares allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the Collection Bank Account within the time stipulated in the CAN, the Bid-cum-Application Form and the CAN of the QIB are liable to be cancelled.



In case of cancellations or default by the QIBs, we and the GC-BRLM and Co-Manager have the right to reallocate the Equity Shares at the Issue Price among existing Applicants to the Issue or new QIBs at their sole and absolute discretion, subject to statutory limits.

Payment Instructions

- The payment of application money shall be made by the QIBs in the name of "**Ackruti City - QIP Escrow Account**" as per the payment instructions provided in the CAN.
- QIBs may make payment through cheques or electronic fund transfer, or such as other mode as may be required by GC-BRLM and Co-Manager.

Note: Payment of the amounts through outstation cheques are liable to be rejected. Payments through cheques should be only through high value cheques payable at Mumbai.

Designated Date and Allotment of Equity Shares

- The Equity Shares will not be allotted unless the QIBs pay the amount payable as mentioned in the CANs issued to them, into the bank account with the Collection Bank as stated above.
- In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- We reserve the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.
- Post Allotment and credit of Equity Shares into the QIBs depository participant account, we would apply for trading approval from the Stock Exchanges.
- In the unlikely event of the any delay in the Allotment or credit of Equity Shares, or receipt of trading approval or cancellation of the Issue, no interest or penalty would be payable by us. On cancellation of the Issue, monies received from investors in the Issue shall be refunded within a reasonable time, without interest or penalty as stated above.

Submission to SEBI

We shall submit the Placement Document to SEBI within 30 days of the date of Allotment for record purposes.

Other Instructions

Permanent Account Number (PAN)

Applicants should mention its PAN allotted under the Income Tax Act, 1961. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Bid-cum-Application Forms received without PAN are liable to be rejected. It is to be specifically noted that applicant should not submit the GIR number instead of the PAN as the Bid-cum-Application Form is liable to be rejected on this ground.

Our Right to Reject Bids

We, in consultation with the GC-BRLM and Co-Manager, may reject Bids without assigning any reasons whatsoever. Our decision with the GC-BRLM and Co-Manager in relation to the rejection of any Bid shall be final and binding.



Equity Shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in the Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

- A QIB applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of our Equity Shares would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.
- We shall not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Bid-cum-Application Form or on the part of the QIBs.

Release of funds to our Company

The Collection Bank shall not release the monies lying to the credit of the "**Ackruti City - QIP Escrow Account**" till such time, that it receives an instruction in pursuance to the Escrow Agreement, alongwith the listing approval of the Stock Exchanges for the Equity Shares offered in the Issue.



PLACEMENT

Memorandum of Understanding

The GC-BRLM and Co-Manager have entered into a Memorandum of Understanding with our Company (the "MOU"), pursuant to which the GC-BRLM and Co-Manager has agreed to place, on a best effort basis, to Qualified Institutional Buyers, pursuant to Chapter XIII-A of the Erstwhile SEBI Guidelines.

The MOU contains customary representations and warranties, as well as indemnities from our Company and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares and admit them to trading on the Stock Exchange. No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies in India and that, with the exception of QIBs, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors other than QIBs.

In connection with the Issue, the GC-BRLM and Co-Manager (or their affiliates) may, for its own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the GC-BRLM and Co-Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the GC-BRLM and Co-Manager may purchase Equity Shares and be allocated Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes, see "Notice to Investors — Off-shore Derivative Instruments (P-Notes)".

Lock-up

Company's Lock-up

Our Company has agreed in the aforesaid MOU between our Company and the GC-BRLM and Co-Manager that neither it nor any person acting on its behalf will (i) issue, offer, sell, lend, mortgage, assign, contract to sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce any such action), directly or indirectly, any Equity Shares or any securities convertible or exchangeable into or exercisable for, or substantially similar to, any Equity Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options or GDRs representing the right to receive any such securities, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Equity Shares, or (iii) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into any transaction described in (i) and (ii) above; except for (i) the issuance of the Equity Shares pursuant to the Issue, or (ii) any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Equity Shares under or in connection with any stock incentive and other employee ownership or benefit plans including, for the avoidance of doubt, any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Equity Shares in connection with the exercise of any options or similar securities that may exist on the date hereof and have been approved by the Company's board of directors, or (iii) any issuance, offer, sale or other transfer pursuant to any obligation in existence at the date of the Preliminary Placement Document which has been disclosed in the Preliminary Placement Document, in any such case without the prior written consent of the GC-BRLM and Co-Manager (such consent not to be unreasonably withheld or delayed) for a period of 90 days (ninety days) from the date of the date of Allotment of Equity Shares in the Issue .



Promoter and promoter group's Lock-up

Each Promoter and each member of the promoter group has also entered into a lock-up agreement in effect during the period commencing on the date of the MOU and ending on the date falling 90 days after the date of the MOU. During this period no Promoter, member of the promoter group, nor any person acting on their behalf, without the prior written consent of the GC-BRLM and Co-Manager (such consent not to be unreasonably withheld or delayed shall: (i) offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell or grant any option, right or warrant to purchase any Equity Shares or any securities convertible or exchangeable into or exercisable for, or substantially similar to, any Equity Shares or any security or financial product whose value is determined, directly or indirectly, by reference to the price of the underlying securities, including equity swaps, forward sales and options or GDRs representing the right to receive any such securities; or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Shares; or (iii) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into any transaction described in (i) and (ii) above, for the avoidance of doubt nothing in this letter shall (i) apply to existing pledges created by such Promoter or promoter group, (ii) prevent the Promoter or promoter group from pledging Equity Shares for the purposes of business of any company/entity in the "Akruti Group" or (iii) apply to the enforcement and sale of shares pursuant to such pledges.



SELLING RESTRICTIONS

The distribution of the Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of the Placement Document are advised to take legal advice with regard to any restrictions which may be applicable to them and to observe such restrictions. The Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorised or permitted.

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold except (i) pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with the applicable U.S. state securities laws or (ii) in a transaction not subject to the registration requirements of the U.S. Securities Act. The Equity Shares are being offered and sold in the Issue outside the United States pursuant to Regulation S. The Equity Shares are not being offered or sold in the Issue in the United States and you may not purchase Equity Shares in the Issue if you are in the United States.

European Economic Area

The GC-BRLM and Co-Manager, severally but not jointly, has represented that in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Equity Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Equity Shares to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, in the case of (2) and (3) as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the GC-BRLM and the Co-Manager; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offering of Equity Shares shall result in a requirement for the publication by the Company or the GC-BRLM or the Co-Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

***United Kingdom (in addition to European Economic Area restrictions, above)***

The Equity Shares cannot be promoted in the United Kingdom to the general public. The GC-BRLM and the Co-Manager, severally but not jointly, has represented, warranted and agreed in the Placement Agreement that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”) to persons who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or circumstances in which section 21(1) of the FSMA does not apply to the Company; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong, by means of any document, other than to “professional investors” as defined in the Securities and Futures Ordinance, Chapter. 571 of the laws of Hong Kong (“Securities and Futures Ordinance”) and any rules made under that Ordinance; or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance, Chapter. 32 of the laws of Hong Kong (“Companies Ordinance”) or which do not constitute an offer to the public within the meaning of the Companies Ordinance. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. The Placement Document and the Equity Shares have not been and will not be registered with the Securities and Futures Commission of Hong Kong and/or the Stock Exchange of Hong Kong. There are no public markets or platforms in Hong Kong for the purchase or disposal of the Equity Shares. If you are in doubt as to the contents of the Placement Document, you must immediately seek legal and investment advice from your solicitor, accountant and/or professional advisors.

Singapore

The Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Future Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Equity Shares are subscribed or purchased under Section 275 by a relevant person which is:

- a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (i) to an institutional investor or to a relevant person



defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on the terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, in accordance with the conditions, specified in Section 275 of the SFA as applicable; (ii) where no consideration is given for the transfer; or (iii) by operation of law.



TRANSFER RESTRICTIONS

Allottees are not permitted to sell the Equity Shares for a period of one year from the date of Allotment except through the Stock Exchanges. Subject to the foregoing:

Each purchaser of the Equity Shares in the Issue will be deemed to have represented and agreed as follows:

- It is authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.
- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that such Equity Shares have not been and will not be registered under the U.S. Securities Act.
- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and is located outside the United States (within the meaning of Regulation S) or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S).
- It agrees that it will not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction, including India.
- It acknowledges that we, the GC-BRLM, the Co-Manager and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify us. Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above-stated restrictions will not be recognized by us.



INDIAN SECURITIES MARKET

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials (including websites) of SEBI, BSE and NSE and has not been prepared or independently verified by our Company or the GC-BRLM and Co-Manager to the Issue, or any of our or their respective affiliates or advisers.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Stock Exchange Regulation

India's stock exchanges are regulated primarily by SEBI, as well as by the GoI acting through the Ministry of Finance, Stock Exchange Division, under the SCRA and the SCRR along with the rules, by-laws and regulations of the respective stock exchanges, which regulate the recognition of stock exchanges, the qualifications for membership and the manner in which contracts are entered into and enforced between members. The Securities and Exchange Board of India Act, 1992 granted the SEBI powers to regulate the business of Indian securities markets, including stock exchanges and other financial intermediaries, promote and monitor self-regulatory organizations, prohibit fraudulent and unfair trade practices and insider trading, and regulate substantial acquisitions of Equity Shares and takeovers of companies. The SEBI has also issued guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of Equity Shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FIIs, credit rating agencies and other capital market participants.

Listing

The listing of securities on recognised Indian stock exchanges is regulated by the SCRR and the listing agreement of the respective stock exchanges, under which the governing body of each stock exchange is empowered to suspend trading of or dealing in a listed security for breach of the company's obligations under such agreement, subject to the company receiving prior notice of the intent of the exchange.

The equity shares of a listed company can be delisted under the provisions of the SEBI (Delisting of Securities) Guidelines, 2009, (the "Delisting Guidelines"), which govern voluntary and compulsory delisting of equity shares of Indian companies from the stock exchanges. The Delisting Guidelines have been recently notified, and replace the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. A company may be delisted through a voluntary delisting or a compulsory delisting by a stock exchange(s) concerned. A company may voluntarily delist from the stock exchange where its securities are listed subject to, *inter alia*, approval of its Board of Directors and shareholders and the in-principle approval of the stock exchange(s) concerned, further provided that an exit opportunity has been given to the investors at an exit price. The exit price is a minimum of a floor price determined in accordance with a specified formula with the final offer price being determined based on a "book building process" specified in the Delisting Guidelines. For certain listed companies of paid up share capital of upto Rupees one crore and either upto 300 public shareholders or no trading in equity shares for one year (as per specific criteria in the Delisting Guidelines), the exit price determination lies with the promoter seeking delisting and not with the shareholders. However, shareholders may choose whether to accept the exit price or not. The procedure for compulsory delisting also requires the company to make an exit offer to the shareholders in accordance with the above-mentioned Delisting Guidelines.

The Delisting Guidelines provide that if for any reason the securities of a company become liable to be delisted from the relevant stock exchange, the promoter may, if it desires to maintain listing of the company, follow the procedure laid down in the Delisting Guidelines for such continuous listing. Pursuant to the Delisting Guidelines, the company may, within six months, issue new shares to the public or the promoter(s) of the company may sell a portion of their shares to the public by way of offer for sale or sale in open market through transparent mechanism, such that the minimum level of public shareholding is re-established.



SEBI has the power to amend listing agreements and by-laws of stock exchanges in India. In order to restrict abnormal price volatility in any particular stock, SEBI has instructed the stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. An index based market-wide (equity and equity derivatives) circuit breaker system has been implemented and additionally, there are currently in place varying individual scrip-wise bands. The Indian stock exchanges can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by stockbrokers.

Disclosures under the Companies Act and Securities Regulations

Under the Companies Act, 1956 a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act, 1956 and the SEBI ICDR Regulations as amended, and be filed with the Registrar of Companies having jurisdiction over the place where a company's registered office is situated, which in the case of our Company, is currently the Registrar of Companies located at Mumbai, Maharashtra situated at Everest, 100 Marine Drive, Mumbai 400002, Maharashtra, India. A company's directors and promoters may be subject to civil and criminal liability for misrepresentation in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and the allotment of securities among subscribers and establishes maximum commission rates for the sale of securities. The SEBI has issued detailed guidelines concerning disclosure by public companies and investor protection.

Public limited companies are required under the Companies Act and Listing Agreement to prepare, file with the Registrar of Companies and circulate to their shareholders audited annual accounts which comply with the Companies Act's disclosure requirements and regulations governing their manner of presentation and which includes sections pertaining to corporate governance, related party transactions and the management's discussion and analysis as required under the listing agreement. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of its listing agreement with the relevant stock exchange. Accordingly, companies are now required to publish unaudited financial statements, although subject to a limited review by a company's auditors, on a quarterly basis and are required to inform stock exchanges immediately regarding any stock price-sensitive information.

The Institute of Chartered Accountants of India ("ICAI") and SEBI have implemented changes which require Indian companies to account for deferred taxation, to consolidate their accounts with subsidiaries, to provide segment-wise reporting and to increase their disclosure of related party transactions from April 1, 2001 and accounting for investments in associated companies and joint ventures in consolidated accounts and interim financial reporting from April 1, 2002. As of April 1, 2003, accounting of intangible assets is also regulated by accounting standards set by the ICAI and as of April 1, 2004 accounting standards regulate accounting for impairment of assets.

Indian Stock Exchanges

There are various recognised Stock Exchanges in India. BSE and NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity. With effect from April 1, 2003, the stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. SEBI proposes to subsequently move to a T+ 1 settlement system. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their clients, the stock exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.



To restrict abnormal price volatility, SEBI has instructed stock exchanges to apply the following price bands calculated at the previous day's closing price (there are no restrictions on price movements of index stocks):

Market Wide Circuit Breakers. In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers, which do not allow transactions beyond certain price volatility. An index based market-wide (equity and equity derivatives) circuit breaker system has been implemented and the circuit breakers are applied to the market for movement by 10%, 15% and 20% for two prescribed market indices: the BSE Sensex for the BSE and the Nifty for the NSE, or the NSE Nifty, whichever is breached earlier. If any of these circuit breaker thresholds are reached, trading in all equity and equity derivatives markets nationwide is halted.

Price Bands. Price bands are circuit filters of 20% movements either up or down, and are applied to most securities traded in the markets, excluding securities included in the BSE Sensex and the NSE Nifty and derivatives products. In addition to the market-wide index based circuit breakers, there are currently in place varying individual scrip wise bands (except for scrips on which derivative products are available or scrips included in indices on which derivative products are available) of 20% either ways for all other scrips.

Circuit-breakers are not applicable to certain stocks listed in the "A" category of BSE, on which stocks, futures and options are traded. The stock exchanges of India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by stockbrokers. At the discretion of the stock exchanges and under instructions from SEBI, the stock exchanges can also impose ad hoc margins on the stockbrokers, for specific stocks in the event of extreme volatility in price movements.

Bombay Stock Exchange Limited

The BSE, the oldest stock exchange in India, was established in 1875. It is the first stock exchange in India to have obtained permanent recognition in 1956 from the Government of India under the SCRA. It has evolved over the years into its present status as the premier stock exchange of India. The BSE switched over from an open outcry trading system to online trading ("BOLT") from May 1995. Earlier an association of persons, BSE is now a corporatised and demutualised entity incorporated under the provisions of the Companies Act, 1956, pursuant to the BSE (Corporatisation and Demutualisation) Scheme, 2005 notified by SEBI. Only a member of the BSE has the right to trade in the stocks listed on the BSE.

Derivatives trading commenced on the BSE in 2000. The BSE has wholesale and retail debt trading segments. Retail trading in government securities commenced in January, 2003.

National Stock Exchange of India Limited

The NSE was established by financial institutions and banks to provide nationwide on-line satellite-linked screen based trading facilities for market makers with an electronic order-based trading system, and electronic clearing and settlement for securities, including government securities, debentures, public sector bonds and units. The principal aim of the NSE is to enable investors to buy or sell securities from anywhere in India and to serve as a national market for securities. Deliveries for trades executed "on-market" are settled through the National Securities Clearing Corporation Limited. The NSE does not categorise shares into groups as in the case of BSE, except in respect of the trade-to-trade category. Screen-based paperless trading and settlement is possible through the NSE from various cities in India. The NSE commenced operations in the wholesale debt market in June 1994, in capital markets in November 1994 and in derivatives in June 2000. The NSE launched the NSE 50 Index, now known as S&P CNX NIFTY on April 22, 1996 and the mid-cap index on January 1, 1996. The securities in the NSE 50 Index are highly liquid. With a wide network in major metropolitan cities, screen-based trading, a central monitoring system and greater transparency, the NSE has recorded high volumes of trading.

**Takeover Code**

Disclosure and mandatory bid obligations under Indian law are governed by the Takeover Code, which prescribes certain thresholds or trigger points that give rise to these obligations. Certain important provisions of the Takeover Code are as follows:

- (1) Any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire equity shares or voting rights in a company, either by himself or with any person acting in concert) who acquires equity shares or voting rights that would entitle him to more than 5%, 10%, 14%, 54% or 74% of the equity shares or voting rights in a Company (together with a company's equity shares or voting rights, if any, already held by him) is required to disclose the aggregate of his equity shareholding or voting rights in that company to the company (which in turn is required to disclose the same to each of the stock exchanges on which the company's equity shares are listed) and to each of the stock exchanges on which the company's equity shares are listed within two days of (a) the receipt of allotment information; or (b) the acquisition of equity shares or voting rights, as the case may be. The term "shares" has been defined under the Takeover Code to mean equity shares or any other security which entitles a person to acquire shares with voting rights.
- (2) A person who, together with persons acting in concert with him, holds 15% or more but less than 55% of the equity shares or voting rights in any company is required to disclose any purchase or sale representing 2% of the equity shares or voting rights of that company (together with the aggregate shareholding after such acquisition or sale) to that company and the stock exchanges on which the company's equity shares are listed within two days of the purchase or sale and is also required to make annual disclosure of his holdings to that company (which in turn is required to disclose the same to each of the stock exchanges on which the company's equity shares are listed).
- (3) Promoters or persons in control of a company are also required to make a bi-annual disclosure of their holding in the same manner. The company is also required to make annual disclosure of holdings of its promoters or persons in control as on March 31 of the respective year to each of the stock exchanges on which its equity shares are listed.
- (4) An acquirer cannot acquire equity shares or voting rights which (taken together with existing equity shares or voting rights, if any, held by him or by persons acting in concert with him) would entitle such acquirer to exercise 15% or more of the voting rights in a company, unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the equity shares of the company at a price not lower than the price determined in accordance with the Takeover Code. A copy of the public announcement is required to be delivered, on the date, on which such announcement is published, to SEBI, the company and the stock exchanges on which the company's equity shares are listed.
- (5) No acquirer who, together with persons acting in concert with him, has acquired, in accordance with law, 15% or more but less than 55% of the shares or voting rights in a company, shall acquire, either by himself or through or with persons acting in concert with him, additional shares or voting rights that would entitle him to exercise more than 5% of the voting rights in any financial year ending March 31, unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the equity shares of the company at a price not lower than the price determined in accordance with the Takeover Code.
- (6) An acquirer who, together with persons acting in concert with him, has acquired, in accordance with law, 55% or more but less than 75% of the equity shares or voting rights in a company (or, where the company concerned had obtained the initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), less than 90% of the shares or voting rights in the company) would require such an acquirer to make an open offer to acquire a minimum of 20% of the shares or voting rights which it does not already own in the company. However, if an acquisition made pursuant to an open offer results in the public shareholding in the target company being reduced below the minimum level required under the listing agreement with the stock exchanges, the acquirer would be required to take steps to facilitate compliance by the target company with the relevant provisions of the listing agreement with the stock exchanges, within the time period prescribed therein.
- (7) Where an acquirer who (together with persons acting in concert) holds 55% or more, but less than 75% of

the shares or voting rights in a target company (or, where the concerned company had obtained the initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCRR, less than 90% of the shares or voting rights in the company), intends to consolidate its holdings while ensuring that the public shareholding in the target company does not fall below the minimum level permitted by the listing agreement with the stock exchanges, the acquirer may do so only by making an open offer in accordance with the Takeover Code. Such open offer would be required to be made for the lesser of (i) 20% of the voting capital of the company, or (ii) such other lesser percentage of the voting capital of the company as would, assuming full subscription to the open offer, enable the acquirer (together with persons acting in concert), to increase the holding to the maximum level possible, which is consistent with the target company meeting the requirements of minimum public shareholding laid down in the listing agreement with the stock exchanges.

- (8) However, such open offer would not be required (uptil the 75% limit stated hereinabove) if acquirer, either by himself or through persons acting in concert with, acquires additional shares or voting rights entitling him upto 5% additional voting rights in the concerned listed company, subject to the following: the acquisition is made through open market purchase in normal segment on the stock exchange but not through bulk deal/block deal/negotiated deal/preferential allotment, or the increase in shareholding or voting rights is pursuant to the buyback of shares of the concerned listed company. Some further conditions have been prescribed by SEBI in this regard by its circular dated August 6, 2009.
- (9) In addition, regardless of whether there has been any acquisition of equity shares or voting rights in a company, an acquirer cannot directly or indirectly acquire control over a company (for example, by way of acquiring the right to appoint a majority of the directors or to control the management or the policy decisions of the company) unless such acquirer makes a public announcement offering to acquire a minimum of 20% of the voting equity shares of the company. In addition, the Takeover Code introduces the "chain principle" by which the acquisition of a holding company will obligate the acquirer to make a public offer to the shareholders of each subsidiary company which is listed. The Takeover Code sets out the contents of the required public announcements as well as the minimum offer price.

The Takeover Code permits conditional offers and provides specific guidelines for the gradual acquisition of shares or voting rights.

Specific obligations of the acquirer and the board of directors of the target company in the offer process have also been specified. Acquirers making a public offer are also required to deposit in an escrow account a percentage of the total consideration which amount will be forfeited in the event that the acquirer does not fulfil his obligations.

The general requirements to make such a public announcement do not, however, apply entirely to bailout takeovers when a promoter (i.e. a person or persons in control of the company, persons named in any offer document as promoters and certain specified corporate bodies and individuals) is taking over a financially weak company but not a "sick industrial company" pursuant to a rehabilitation scheme approved by a public financial institution or a scheduled bank. A "financially weak company" is a company which has at the end of the previous financial year accumulated losses which have resulted in the erosion of more than 50% but less than 100% of the total sum of its paid up capital and free reserves as at the end of the previous financial year. A "sick industrial company" is a company registered for more than five years which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth.

Further, in the event that the board of directors of any company have been removed by Central Government or State Government any other regulatory authority, and such government or authority has appointed other persons to hold office as directors under the provisions of any law for the time being in force for the orderly conduct of the affairs of the company, and if certain other pre-conditions are met, then SEBI has the power to relax compliance with the provisions of Chapter III of the Takeover Code (which consists of Regulations 10 to 29A), which provide, inter alia, for the trigger for making an open offer, manner of making open offer, obligations of parties and other incidental matters.



The Takeover Code, subject to certain conditions specified in the Takeover Code, exempts certain specified acquisitions from the requirement of making a public offer, including, among others, the acquisition of shares (1) by allotment in a public issue or a rights issue, (2) pursuant to an underwriting agreement, (3) by registered stockbrokers in the ordinary course of business on behalf of clients, (4) in unlisted companies, (5) pursuant to a scheme of reconstruction or amalgamation, (6) pursuant to a scheme under Section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985, (7) resulting from transfers between companies belonging to the same group of companies or between promoters of a publicly listed company and relatives, (8) by way of transmission through inheritance or succession, (9) resulting from transfers by Indian venture capital funds or foreign venture capital investors registered with SEBI, to promoters of a venture capital undertaking or venture capital undertaking pursuant to an agreement between such venture capital funds or foreign venture capital investors with such promoters or venture capital undertaking, (10) by the Government of India controlled companies, unless such acquisition is made pursuant to a disinvestment process undertaken by the Government of India or a state government, (11) change in control by takeover/restoration of the management of the borrower company by the secured creditor in terms of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (12) acquisition of shares by a person in exchange of equity shares received under a public offer made under the Takeover Code and (13) in terms of guidelines and regulations relating to delisting of securities as specified by SEBI. The Takeover Code does not apply to acquisitions in the ordinary course of business by public financial institutions either on their own account or as a pledgee. An application may also be filed with the takeover panel seeking exception from the open offer requirements of the Takeover Code. In addition, the Takeover Code does not apply to the acquisition of Global Depository Receipts or American Depository Receipts so long as they are not converted into equity shares carrying voting rights.

Under the Takeover Code, the term "promoter" includes any person who is control of the Company or any person identified as a promoter in any document for the offer of securities to the public or existing shareholders or in the shareholding information disclosed under the listing agreement, whichever is later, or any person named as a relating to or belonging to the promoter group as defined under the Takeover Code.

Minimum level of public shareholding

In order to ensure availability of floating stock of listed companies, SEBI has recently notified amendments to the listing agreement. All listed companies are required to ensure that their minimum level of public shareholding remains at or above 25%. This requirement does not apply to those companies who at the time of their initial listing had offered at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCRR, and which fulfil the following conditions (i) a minimum of 20,00,000 securities were offered to the public, (ii) the size of the issue was at least Rs. 1,000 million and (iii) the issue was made only through book building method with allocation of 60% of the issue size to qualified institutional buyers as specified by SEBI or to those companies that have reached a size of 2,00,00,000 or more in terms of the number of listed shares and Rs. 10,000 million or more in terms of market capitalisation, that is, the average market capitalisation over the previous financial year. However, such listed companies are required to maintain the minimum level of public shareholding at 10% of the total number of issued ordinary shares of a class or kind for the purposes of listing. Failure to comply with this clause in the listing agreement requires the listed company to delist its shares pursuant to the terms of the Delisting Guidelines and may result in penal action being taken against the listed company pursuant to the SEBI Act.

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992 ("Insider Trading Regulations") have been notified by SEBI to prevent insider trading in India by prohibiting and penalising insider trading in India. The Insider Trading Regulations prohibit an "insider" from dealing, either on his own behalf or on behalf of any other person, in the securities of a company listed on any stock exchange when in possession of unpublished price-sensitive information. The terms "insider", "unpublished" and "prices sensitive information" are defined in the Insider Trading Regulations. The Insider Trading Regulations define an insider to mean any person who: (i) is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company or (ii) has received or has had access to such unpublished price sensitive information.



Price sensitive information means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of the company, such as the periodical financial results of the company, intended declaration of dividends (both interim and final), issue of securities or buyback of securities. The insider is also prohibited from communicating, counselling or procuring, directly or indirectly, any unpublished price-sensitive information to any other person who whilst in possession of such unpublished price-sensitive information shall not deal in securities. The prohibition under the Insider Trading Regulations also extends to all persons, including a company dealing in the securities of a company listed on any stock exchange whilst in the possession of unpublished price-sensitive information. It is to be noted that recently SEBI has amended the Insider Trading Regulations to provide certain defences to the prohibition on companies in possession of unpublished price-sensitive information dealing in securities.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider trading and also to regulate disclosure of unpublished price-sensitive information within such entities so as to minimise misuse of such information. To this end, the Insider Trading Regulations provide a model code of conduct.

Further, the Insider Trading Regulations specify a model code of corporate disclosure practices to prevent insider trading which must be implemented by all listed companies. As per the recent amendments, the Insider Trading Regulations require that the model code of conduct should not be diluted in any manner and shall be complied with. The model code of conduct has also been amended to prohibit all directors / officers / designated employees who buy or sell any number of shares of the company from entering into opposite transactions during the next six months following the prior transaction. All directors and designated employees have also been prohibited from taking positions in derivative transactions in shares of the company at any time. Further, certain provisions pertaining to, *inter alia*, reporting requirements have also been extended to dependants of directors and designated employees of the company.

The Insider Trading Regulations require any person who holds more than 5% of the shares or voting rights in any listed company to disclose to the company the number of shares or voting rights held by such person, on becoming such holder, within 4 working days of either

- the receipt of intimation of allotment of the shares; or
- the acquisition or the sale of the shares or voting rights, as the case may be.

Every listed company within 5 days of receipt, shall disclose the above information to all stock exchanges on which the company is listed.

On a continuing basis, under the Insider Trading Regulations, any person who holds more than 5 per cent of the shares or of the voting rights in any listed company is required to disclose to the company,- the number of shares or voting rights held by him and any change in shareholding or voting rights,- (even if such change results in the shareholding falling below 5 per cent) if there has been change in such holdings from the last disclosure made, provided such change exceeds 2 per cent of the total shareholding or voting rights in the company. Such disclosure is required to be made within four working days of:

- the receipt of intimation of allotment of the shares; or
- the acquisition or the sale of the shares or voting rights, as the case may be.

Further, all directors and officers of a listed company are required to disclose to the company the number of shares or voting rights held and positions taken derivatives by such persons in such company within four working days of becoming a director or officer of such company. All directors and officers of a listed company are also required to make periodic disclosures of their shareholding in the company as specified in the Insider Trading Regulations.

**Depositories**

In August 1996, the Indian Parliament enacted the Depositories Act, 1996 which provides a legal framework for the establishment of depositories to record ownership details and effectuate transfers in book entry form. The SEBI framed the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 which provide for the formation of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, the beneficial owners and the companies. The depository system has significantly improved the operations of the Indian securities markets. Trading of securities in book-entry form commenced in December 1996. In January 1998, the SEBI has notified scrips of various companies for compulsory dematerialized trading by certain categories of investors such as foreign institutional investors and other institutional investors and has also notified compulsory dematerialized trading in specified scrips for all retail investors. The SEBI has subsequently significantly increased the number of scrips in which dematerialized trading is compulsory for all investors. Under guidelines issued by the SEBI, a Company shall give the option to subscribers/shareholders to receive the security certificates and hold securities in dematerialized form with a depository.

However, even in the case of scrips notified for compulsory dematerialized trading, investors, other than institutional investors, are permitted to trade in physical shares on transactions outside the stock exchange where there are no requirements to report such transactions to the stock exchange and on transactions on the stock exchange involving lots of less than 500 securities. Transfers of shares in book-entry form require both the seller and the purchaser of the equity shares to establish accounts with depository participants registered with the depositories established under the Depositories Act, 1996. Charges for opening an account with a depository participant, transaction charges for each trade and custodian charges for securities held in each account vary depending upon the practice of each depository participant and must be borne by the account holder. Upon delivery, the shares shall be registered in the name of the relevant depository on the company's books and this depository shall enter the name of the investor in its records as the beneficial owner, thus affecting the transfer of beneficial ownership. The beneficial owner shall be entitled to all rights and benefits and be subject to all liabilities in respect of his/her securities held by a depository. The Companies Act compulsorily provides that Indian companies making any initial public offering of securities for or in excess of Rupees 100 million should issue the securities in dematerialized form.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRA Rules and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term "securities," as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self regulatory organization under the supervision of the SEBI. Derivatives products were introduced in phases in India, starting with futures contracts in June 2000 and index options, stock options and stock futures in June 2000, July 2001 and November 2001 respectively.

Exchange Controls - Restrictions on Conversion of Indian Rupees

There are restrictions on conversion of Rupees into U.S. dollars. Before February 29, 1992, RBI determined the official value of the Rupee in relation to a weighted basket of currencies of India's major trading partners. In the February 1992 budget, a new dual exchange rate mechanism was introduced by allowing conversion of 60% of the foreign exchange received on trade or current account at a market-determined rate and the remaining 40% at the official rate. All importers were, however, required to buy foreign exchange at the market rate except for certain priority imports. In March 1993, the exchange rate was unified and allowed to float. In February 1994 and again in August 1994, RBI announced relaxations of the payment restrictions previously applicable to certain transactions. Since August 1994, the Central Government has substantially complied with its obligations to the International Monetary Fund, under which India is committed to refrain from using exchange restrictions on current international transactions as an instrument to manage the balance of payments. Effective July 1995, the process of current account convertibility was advanced by relaxing restrictions on foreign exchange for various purposes, such as foreign travel and medical treatment. The Central Government has also relaxed restrictions on capital account transactions by resident Indians since 1999. For example, resident Indians are now permitted to remit up to US\$200,000 for any capital account transaction.



DESCRIPTION OF THE EQUITY SHARES

Set forth below is certain information relating to the share capital of our Company including a brief summary of some of the provisions of the Memorandum and Articles of Association of our Company and the Companies Act relating to the rights attached to the Equity Shares.

General

Our Company's authorized share capital is Rs.1250 million comprising of 125,000,000 Equity shares of Rs.10 each. The issued, subscribed and paid up capital of our Company is Rs.667 million comprising of 66,700,000 Equity Shares of Rs.10 each.

We have not issued any preference shares.

All of our issued and paid-up shares are in registered form. The Equity Shares will be fully paid-up when issued. As at the date of the Preliminary Placement Document, 66.7 million Equity Shares of Rs.10 each have been issued.

Dividends

Under the Companies Act unless the Board recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Under our Company's Articles, our Company in general meeting may, subject to Section 205 of the Companies Act declare dividends, to be paid to members according to their respective rights and interests in the profits but subject to any law of the time being in force and may fix the time for payment. Our Company in general meeting may declare a lower, but not higher, dividend than that recommended by the Board. The profits of our Company, subject to any special rights relating thereto created or authorized to be created by the Memorandum or the Articles and subject to the provision of any law for the time being in force, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively. In addition, the Board may declare and pay interim dividends.

The dividends can only be paid in cash to shareholders listed on the register of shareholders on the date which is specified as the "record date" or "book closure date, and in case of unregistered transfers, where the instrument of transfer has been delivered to the company for registration, the company shall comply with Section 205 of the Companies Act by transferring such dividend to a special account unless the company is authorized by the registered holder in writing to pay such dividend to the transferee mentioned in the instrument.

No shareholder is entitled to a dividend while any amount is due from him to the company either in respect of such shares or otherwise, either jointly or alone. This amount may be deducted from the interest or dividend payable to the shareholder without prejudice to any other remedy of the company. However, once the amount is declared, there shall be no forfeiture of unclaimed dividends. Any dividend remaining unpaid or unclaimed after having been declared by the company shall be dealt with by the company in accordance with Section 205A, 205B and 205C of the Companies Act.

Dividends must be paid by cheque or warrant sent through the post to the registered address of the member or person entitled, or in case of joint holders to that one first named in the register in respect of joint holding. Every such cheque shall be made payable to the order of the person to whom it is sent. Under the Companies Act, a company may only pay a dividend in excess of 10% of paid-up capital in respect of any year out of the profits of that year after it has transferred to the reserves of the company a percentage of its profits for that year ranging between 2.5% to 10% depending on the rate of dividend proposed to be declared in that year. The Companies Act further provides that if the profit for a year is insufficient, the dividend for that year may be declared out of the accumulated profits earned in previous years and transferred to reserves, subject to the following conditions: (i) the rate of dividend to be declared may not exceed the lesser of the average of the rates at which dividends were declared in the five years immediately preceding the year, or 10% of paid-up capital; (ii) the total amount to be drawn from the accumulated profits from previous years may not exceed an amount equivalent to 10% of paid-up capital and reserves and the amount so drawn is first to be used to set off the losses incurred in the financial year before any dividends in respect of preference or equity shares; and (iii) the balance of reserves after withdrawals must not be below 15% of paid-up capital.

**Capitalization of Reserves**

Our Company's Articles state that a General Meeting, upon the recommendation of the Board, direct capitalisation of the whole or any part of the undivided profits for the time being of our Company, or the whole or any part of the Reserve Fund or other Funds of our Company including the monies in the Securities Premium Account and the Capital Redemption Reserve Account for the purpose of distribution amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion upon the footing that they become entitled thereto as capital, and the said sums shall accordingly be applied in paying up unissued shares of our Company to be issued to members of our Company as fully paid bonus shares or in paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued to the members of our Company and which are not fully paid-up, provided that, the Securities Premium Account and the Capital Redemption Reserve Account may, for the purposes of the aforesaid Article, only be applied subject to the provisions of Sections 78 (2) and 80 (5) of the Companies Act, in paying of any unissued shares to be issued to the members of our Company as fully paid bonus shares.

A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of our Company, or any investments representing the same, or any other undistributed profits of our Company not subject to charge for income-tax be distributed among the members on the footing that they receive the same as capital.

Any issue of bonus shares would be subject to the guidelines issued by the SEBI in this regard. The relevant SEBI guidelines prescribe that no Company shall, pending conversion of convertible securities, issue any shares by way of bonus unless similar benefit is extended to the holders of such convertible securities, through reservation of shares in proportion to such conversion. Further, for the issuance of such bonus shares a Company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The declaration of bonus shares in lieu of dividend cannot be made. The bonus issue must be made out of free reserves built out of genuine profits or share premium account collected in cash only.

Further, a Company should have sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of the employees such as contribution to provident fund, gratuity and/or bonus. The issuance of bonus shares must be implemented within six months from the date of approval by the board of directors or the shareholders, whichever is later.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, a company, in general meeting, may increase its share capital by issuing new shares on such terms and with such rights as a company, by action of shareholders in a general meeting, determines, which may vary from the original issue in terms of rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed. In this regard, the laws require that for a Company to issue shares with differential voting rights a company must have had distributable profits in terms of the Companies Act for a period of three financial years and have not defaulted in filing annual accounts and annual returns for the immediately preceding three years. Whenever the capital of a company has been increased through such resolution, the directors shall comply with the provisions of Section 97 of the Companies Act.

As per Section 81 of the Companies Act, such new shares shall be offered to the persons, who at the date of the offer are holders of equity shares in a company in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and limiting a time, being not less than 30 days from the date of the offer within which such offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the shares offered in respect of which no acceptance has been received, in such manner as they think most beneficial to a company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person acceptable to the Board.

Under the provisions of Section 81(1A) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, in any manner whatsoever, if a special resolution to that effect is passed by the shareholders of a company in a general meeting. Where no such special resolution is



passed, if the vote cast (show of hands or on poll) in favour of the proposal contained in the resolution moved at the general meeting sanctioning the issue of such shares (including the casting vote, if any of the chairman) by members who, being entitled to do so vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board in that behalf that the proposal is most beneficial to the company.

Notwithstanding this but subject to Section 81(3) of the Companies Act, a company may increase its subscribed capital on exercise of an option attached to the debenture issued or loans raised by a company to convert such debentures or loans into shares, or to subscribe for shares in a company. A company can also alter its share capital by way of a reduction of capital subject to Sections 78, 80 and 100 to 105 of the Companies Act, or by undertaking a buy-back of shares under the prescribed SEBI guidelines and subject to the approvals and terms and conditions as prescribed under Section 77A, 77AA and 77B of the Companies Act.

The Articles of our Company provides that subject to Section 94 of the Companies Act, our Company, in a general meeting may consolidate and divide all or any of its share capital into shares of larger amount than its existing shares, sub-divide our share capital into shares of smaller amount than is fixed by the Memorandum of Association and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others, cancel shares which have not been taken up by any person and reduce its share capital in the manner authorised by the Companies Act, 1956.

Preference Shares

Subject to Section 80 of the Companies Act, any new shares may be issued as preference shares which are or at the option of a company are liable to be redeemed, and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption subject to the following the conditions: Under the Companies Act, a company may issue redeemable preference shares but

- (i) no such shares shall be redeemed except out of profits of a company which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;
- (ii) no such shares shall be redeemed unless they are fully paid;
- (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of a company or out of a company's share premium account before the shares are redeemed;
- (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividends, be transferred to a reserve fund, to be called the Capital Redemption Reserve Account, a sum equal to the nominal amount of the shares redeemed;
- (v) subject to the provisions of Section 80 and 80A of the Companies Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may determine; and
- (vi) whenever a company shall redeem any redeemable preference shares, a company shall, within one month thereafter, give notice thereof to the Registrar of Companies as required by Section 95 of the Act. Preference shares must be redeemable before the expiry of a period of 20 years from the date of their issue.

General Meetings of Shareholders

In accordance with Section 166 of the Companies Act, a company must hold its Annual General Meeting each year within 15 months of the previous Annual General Meeting or within six months after the end of each accounting year, whichever is earlier, unless extended by the Registrar of Companies at the request of a company for any special reason. Every member of a company shall be entitled to attend every general meeting either in person or by proxy, and the auditor of a company shall have the right to attend and to be heard at any general meeting on any part of the business which concerns him as auditor. The Board may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than 10% of the issued paid-up capital of a company in accordance with



Section 169 of the Companies Act.

Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders in the case of an Annual General Meeting, and from shareholders holding not less than 95% of the paid-up capital of a company, in the case of any other general meeting. A document may be served by a company on any member thereof and the notice of every meeting of a company shall be given to every member in any manner authorized by and as provided in sections 53 and 172 of the Companies Act. The accidental omission to give notice of any meeting to or the non receipt of any notice by the member or other person to whom it should be given shall not invalidate the proceedings at the meetings. Currently, our Company gives written notices to all members and, in addition, gives public notice of general meetings of shareholders in a daily newspaper of general circulation in Maharashtra. General meetings are held in Mumbai, Maharashtra.

A Company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, buy-back of shares under the Companies Act, giving loans or extending guarantees in excess of limits prescribed under the Companies Act, and guidelines issued there under, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in the general meeting of our Company. If the resolution is assented to by a requisite majority of shareholders by means of a postal ballot, it shall be deemed to have been duly passed at a general meeting convened in that behalf.

Voting Rights

Subject to the provisions of the Companies Act and the Articles, votes may be given either personally or by proxy, or in the case of a body corporate, a duly authorised representative under Section 187 of the Companies Act. At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Before, or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting by his own motion, and shall be ordered to be taken by him on a demand made in that behalf by the persons or person as may be provided by the Companies Act. This demand for a poll may be withdrawn at any time by the persons or person who made that demand. A poll demanded on any other question (not being a question relating to the election of the Chairman) shall be taken at such time not being later than forty eight hours from the time when the demand was made, as the Chairman may direct. The Chairman shall be sole judge for the validity of both a vote on a show of hands as well as a vote on a poll. The Chairman of the meeting has a casting vote. A proxy may not vote the shares except on a poll. Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. The Companies Act provides that to amend the Articles a special resolution is required to be passed in a general meeting. Certain instances, including dissolutions, merger or consolidation of a company, transfer of the whole or a significant part of the business of a company to another company or taking over the whole of the business of any other Company and, in any case where shareholding of public financial institutions and banks exceeds 25%, appointment of statutory auditors, require a special resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the articles of a company. Any member entitled to vote at a meeting of a company is entitled to appoint another person as his proxy to attend and vote on a poll instead of himself, but a proxy so appointed does not have the right to speak at the meeting. Every notice convening a meeting of a company shall state that a member entitled to attend and vote at the meeting is entitled to appoint a proxy and that the proxy need not be a member of a company. The instrument appointing a proxy is required to be lodged with a company at least 48 hours before the time of the meeting in accordance with Schedule IX of the Companies Act as far as possible. Every member who is entitled to vote at the meeting shall be entitled from a period beginning 24 hours prior to the time fixed for the meeting and concluding at the end of the meeting, to inspect the proxies lodged at the meeting during business hours, provided that three days' written notice is given to a company. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. A shareholder which is a legal entity may appoint an authorised representative who can vote in all respects as if a member both on a show of hands and a poll. However, no member shall be entitled to vote at any general meeting either personally or by proxy or as proxy for another member or be reckoned in a quorum while



any call or other sum shall be due and payable to a company in respect of any of the shares of such member or in respect of any shares on which a company has or had exercised any right of lien.

Register of Shareholders and Record Dates

A company is obliged to maintain a register of shareholders at its Registered Office in Mumbai, Maharashtra. With the approval of its shareholders by way of a special resolution and with prior notice to the Registrar of Companies, Mumbai, a company may maintain the register of shareholders at some other place in the same city. The register and index of beneficial owners maintained by a depository under the Depositories Act, 1996 is deemed to be an index of members and register and index of debenture holders. In the case of shares held in physical form, a company registers transfers of shares on the register of shareholders upon lodgement of the share transfer form duly complete in all respects accompanied by a share certificate or, if there is no certificate, the letter of allotment in respect of shares transferred, together with duly stamped transfer forms. In respect of electronic transfers, the depository is the registered owner in the books of that company and transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. Every person holding securities of a company and whose name is entered as a beneficial owner in the records of the depository shall be deemed to be a member of that company. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares that are held by the depository. Transfer of beneficial ownership through a depository is exempt from any stamp duty but each depository participant may have its own depository charges. A transfer of shares by way of a stock transfer form attracts stamp duty at the rate of 0.25% of the transfer price.

For the purpose of determining the shareholders, the register may be closed for periods not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board may deem expedient in accordance with the provisions of the Companies Act. Under the listing agreements of the Stock Exchanges on which a company's outstanding Shares are listed, the company may, upon at least 15 days' advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed. Under the Companies Act, a company is also required to maintain a register of debenture holders.

Annual Report and Financial Results

The Annual Report must be laid before the Annual General Meeting. This includes certain financial information about a company such as the audited financial statements as of the date of closing of the financial year, a corporate governance section and management's discussion and analysis, and is sent to the shareholders of a company.

Under the Companies Act, a company must file the Annual Report with the Registrar of Companies within seven months from the close of the accounting year or within 30 days from the date of the annual general meeting, whichever is earlier. As required under the listing agreements with the Stock Exchanges, copies are required to be simultaneously sent to the Stock Exchanges. A company must also publish its financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a newspaper published in the language of the region where the registered office of the company is situated.

Our Company files certain information on-line, including its Annual Report, six-month and quarterly financial statements and the shareholding pattern statement, in accordance with the requirements of the listing agreements and as may be specified by the SEBI from time to time.

Transfer of Shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownerships of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository



services with National Securities Depository Limited and the Central Depository Services India Limited.

The SEBI requires that a company's shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. A company shall keep a book called the register of transfer in which every transfer or transmission of shares will be entered.

The shares are freely transferable, subject only to the provisions of the Companies Act, under which, if a transfer of shares contravenes the SEBI provisions or the regulations issued under it, or the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), or any other similar law, the Company Law Board may, on an application made by a Company, a depository incorporated in India, an investor, the SEBI or other parties, direct a rectification of the register of members. If a Company without sufficient cause refuses to register a transfer of shares within two months from the date on which the instrument of transfer is delivered to that company, the transferee may appeal to the Indian Company Law Board seeking to register the transfer of equity shares. The Company Law Board may, in its discretion, issue an interim order suspending the voting rights attached to the relevant equity shares before completing its investigation of the alleged contravention.

Under the Companies (Second Amendment) Act, 2002, the Indian Company Law Board will be replaced with the National Company Law Tribunal. Further, under the Sick Industrial Companies (Special Provisions) Repeal Act, 2003, which is expected to come into force shortly, the SICA is sought to be repealed and the Board of Industrial and Financial Reconstruction, as constituted under the SICA, is to be replaced with the National Company Law Tribunal.

Pursuant to the listing agreements, in the event a company has not effected the transfer of shares within one month or where the company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, the company is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay.

The Companies Act provides that the shares or debentures of a publicly listed Company shall be freely transferable. However, the Board may, subject to Section 111 of the Companies Act, at anytime in their absolute and uncontrolled discretion by giving reasons decline to register shares. However, this may not be done on the grounds that the transferor is indebted to the company on any account whatsoever. Notice of such refusal must be sent to the transferee within two months of the date on which the transfer was lodged with the company.

A transfer may also be by transmission. Subject to the provisions of the Companies Act and our Company's Articles, any person becoming entitled to shares in consequence of the death, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with our Company's Articles, may, with the consent of the Board(which they shall not be under any obligation to give), upon producing such evidence that the Board thinks sufficient, be registered as a member in respect of such shares, or may elect to have some person nominated by him and approved by the Board, registered as such holder.

Acquisition by a company of its own Shares

A company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by an approval of at least 75% of its shareholders, voting on the matter in accordance with the Companies Act and sanctioned by the High Court of Judicature in the city where the company's registered office is located. Subject to certain conditions, a Company is prohibited from giving, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person for any shares in the company or its holding company. However, pursuant to the Companies Act by way of Section 77A, 77AA and 77B, a company has been empowered to purchase its own shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of the issue of any shares or other specified securities (other than from the proceeds of an earlier issue of the same kind of shares or other specified securities proposed to be bought back) subject to certain conditions, including:

- (i) the buy-back should be authorised by the Articles of Association of the company;
- (ii) a special resolution has been passed in the general meeting of the company authorising the buy-back;
- (iii) the buy-back is limited to 25% of the total paid-up capital and free reserves;



- (iv) the debt owed by the company is not more than twice the capital and free reserves after such buy-back; and
- (v) the buy-back is in accordance with the Securities and Exchange Board of India (Buy-Back of Securities) Regulation, 1998.

The condition mentioned above in (ii) would not be applicable if the buy-back is for less than 10% of the total paid-up equity capital and free reserves of the company and provided that such buy-back has been authorized by the board of directors of the company. A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back. Further, a company buying back its securities is not permitted to buy back any securities for a period of one year from the buy-back and to issue securities for six months. Every buy-back must be completed within a period of one year from the date of passing of the special resolution or resolution of the Board, as the case may be.

A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company, including its own subsidiary companies, or through any investment company (other than a purchase of shares in accordance with a scheme for the purchase of shares by trustees of or for shares to be held by or for the benefit of employees of the company) or if the company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, or in the event of non-compliance with certain other provisions of the Companies Act.

Liquidation Rights

Subject to the rights of creditors, of employees and of the holders of any other shares entitled by their terms of issue to preferential repayment over the shares, in the event of a winding-up of the company, the holders of the shares are entitled to be repaid the amounts of capital paid up or credited as paid up on such shares. All surplus assets after payments due to employees, the holders of any preference shares and other creditors belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such shares, respectively, at the commencement of the winding-up. In case assets available are insufficient to repay the whole of the paid up capital, the assets shall be so distributed such that the losses are borne to the extent possible by the shareholders in the ratio of capital contributed. In case any of the shares involve a liability to call or otherwise, any person may, within ten days after the passing of the resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly.

The division of assets on winding up, if thought expedient, may subject to the provisions of the Companies Act, be otherwise than in accordance with the legal rights of the contributories (except when unalterably fixed by the Memorandum) and in particular, any class may be given preferential or special rights which may be excluded altogether or in part but any contributory who is prejudiced by the same would have a right to dissent and possess ancillary rights as though such determination were a special resolution under Section 494 of the Companies Act.



TAXATION ASPECTS RELATING TO THE INSTRUMENT

To,
The Board of Directors,
Ackruti City Limited
Akruti Trade Centre, 6th Floor,
Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400093
Maharashtra, India

Dear Sirs,

We hereby report that the enclosed annexure states the probable tax benefits that may be available to the Shareholders of Ackruti City Limited (Formerly known as Akruti City Limited) (the “Company”) under the provisions of the Income Tax Act, 1961, Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently prevailing and in force in India.

Several of these benefits are subject to the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is subject to fulfillment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are neither exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

The tax benefits discussed in the annexure does not take into account the provisions of the proposed Direct Taxes Code, 2009 and is based on the law prevailing as on the date of the certificate

We do not express any opinion or provide any assurance as to whether:

- The Company or its Shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with; or
- The revenue authorities / courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. While all reasonable care has been taken in the preparation of this opinion we accept no responsibility for any errors and omissions therein or for any loss sustained by any person who relies on it.

This report is intended solely for information and for the inclusion in the Preliminary Placement Document / Placement Document in connection with the proposed Qualified Institutional Placement of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For and on behalf of
DALAL & SHAH
Chartered Accountants

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.: 37310
Mumbai: 28th August, 2009

VIRAL DOSHI
Partner
Membership No.: 105330



The information provided below sets out the possible tax benefits available to the shareholders of an Indian company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfil. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY'S SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 AND OTHER DIRECT TAX LAWS PRESENTLY IN FORCE IN INDIA

TAX BENEFITS AVAILABLE TO THE COMPANY'S SHAREHOLDERS

- This Statement sets out below the possible tax benefits available to the Company's shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on such shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the shareholders may or may not choose to fulfil;
- This Statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
- In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
- The stated benefits will be available only to the sole / first named holder in case the shares are held by joint shareholders.

I. Tax Benefits available to shareholders of the Company under the Indian Income Tax Act (IT Act)

A. Resident Shareholders

1. Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs.1,500 per minor child whose income is so included.
2. The Company is required to pay a 'dividend distribution tax' currently at the rate of 16.995 per cent. (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under Section 10(34) of the IT Act, income by way of dividend referred to in Section 115-O of the IT Act, received on the shares of the Company is exempt from income tax in the hands of shareholders. However it is pertinent to note that Section 14A of the IT Act restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expenses incurred to earn the dividend income is not an allowable expenditure.
3. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.



4.

- a) The long-term capital gains (under section 2(29B) of the IT Act) accruing to the shareholders of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to securities transaction tax ("STT"), is exempt from tax as per provisions of Section 10(38) of the IT Act.
- b) The short-term capital gains (under section 2(42A) of the IT Act) accruing to the shareholders of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, tax will be chargeable at 15 per cent. (plus applicable surcharge and education cess) as per provisions of Section 111A of the IT Act. Further no deduction under Chapter VI-A of the IT Act, would be allowed in computing such short term capital gains subjected to tax under Section 111A. In other cases, where the transaction is not subjected to STT, the short term capital gains would be chargeable as a part of the total income and the tax rates would depend on the income slab.
- c) As per the provisions of Section 112 of the IT Act, long term gains accruing to the shareholders of the Company from the transfer of shares of the Company being listed in recognized stock exchanges, otherwise than as mentioned in point 4(a) above, is chargeable to tax at 10% (plus applicable surcharge and education cess) after deducting from the sale proceeds the cost of acquisition without indexation. However, the shareholders claiming the benefit of indexation would be subject to tax at 20% (plus applicable surcharge and education cess) on the long term gains. Further no deduction under Chapter VI-A would be allowed in computing such long term capital gains subject to tax under Section 112 of the IT Act.
- d) Shareholders are entitled to claim exemption in respect of tax on long term capital gains (other than those exempt under Section 10(38) of the IT Act) under Section 54EC of the IT Act, if the amount of capital gains is invested in certain specified bonds / securities within six months from the date of transfer, subject to the fulfillment of the conditions specified therein. The maximum investment permissible on and after April 1, 2007 for the purposes of claiming the exemption in the above bonds, by any person in a financial year, is Rs. 5 million.

However, according to Section 54EC(2) of the IT Act, if the shareholder transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money.

- e) Shareholders that are individuals or Hindu undivided families can avail of an exemption under Section 54F of the IT Act, by utilization of the sales consideration arising from the sale of the Company's share held for a period of more than 12 months (which is not exempt under Section 10(38)), for purchase / construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.
5. Section 88E of the IT Act, provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company carried out through a recognized stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax. Thus, where the income from purchase and sale of equity shares in a company is taxable as business income and not as capital gains, a rebate of STT paid is available to such person.

B. 1 Non-resident shareholders – other than Foreign Institutional Investors

1. Under Section 10(32) of the IT Act, any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs.1,500 per minor child whose income is so included.
2. The Company is required to pay a 'dividend distribution tax' currently at the rate of 16.995 per cent. (including applicable surcharge and education cess) on the total amount distributed or declared or paid as



dividend. Dividend (whether interim or final) declared, distributed or paid, under Section 115-O of the IT Act, by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the IT Act. However it is pertinent to note that Section 14A of the IT Act restricts claim for deduction of expenses incurred in relation to exempt income. Thus, any expenses incurred to earn the dividend income is not an allowable expenditure.

3. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.
4. The long-term capital gains accruing to a shareholder of the Company, being a non-resident, on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, is exempt from tax as per provisions of Section 10(38) of the IT Act.
5. The short-term capital gains accruing to a shareholder of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, tax is chargeable at 15 per cent. (plus applicable surcharge and education cess) as per provisions of Section 111A of the IT Act. Further, no deduction under Chapter VI-A would be allowed in computing such short term capital gains subjected to tax under Section 111A. In other case, i.e. where the transaction is not subjected to STT, the short term capital gains would be chargeable as a part of the total income and the tax rate would depend on the income slab. Further no deduction under Chapter VI-A would be allowed in computing such short term capital gains subjected to tax under Section 111A.
6. As per the provisions of Section 112 of the IT Act, long term gains accruing to the shareholders of the Company, being non-residents, from the transfer of shares of the Company being listed in recognized stock exchanges, otherwise than as mentioned in point 4 above, are chargeable to tax at 20% (plus applicable surcharge and education cess) after deducting from the sale proceeds the cost of acquisition. Such non-resident shareholders are allowed to adjust the cost of acquisition by the amount of foreign exchange rate fluctuations in computing long-term capital gains. Further, no deduction under Chapter VI-A would be allowed in computing such long term capital gains subjected to tax under Section 112.
7. Under the provisions of Section 90(2) of the IT Act, if the provisions of the Double Taxation Avoidance Agreement (DTAA) between India and the country of residence of the non-resident are more beneficial, then the provisions of the DTAA shall be applicable.
8. The shareholders are entitled to claim exemption in respect of tax on long term capital gains other than those exempt under Section 10(38) of the IT Act under Section 54EC of the IT Act, if the amount of capital gains is invested in certain specified bonds / securities within six months from the date of transfer subject to the fulfilment of the conditions specified therein. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million.

However, according to Section 54EC(2) of the IT Act, if the shareholder transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money.

9. Individual shareholders can avail of an exemption under Section 54F by utilization of the sales consideration arising from the sale of company's share held for a period more than 12 months (which is not exempt under Section 10(38)), for purchase/construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.

B. 2 Non-resident shareholders – Foreign Institutional Investors

1. The Company is required to pay a 'dividend distribution tax' currently at the rate of 16.995 per cent. (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under Section 10(34) of the IT Act, income by way of dividend referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders. However it is pertinent to note that Section 14A of the IT Act restricts claim for deduction of expenses incurred in relation to exempt income.



2. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.
 3.
 - a) The long-term capital gains accruing to the shareholders of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, is exempt from tax as per provisions of Section 10(38).
 - b) The short-term capital gains accruing to the members of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, tax will be chargeable at 15 per cent. plus applicable surcharge and education cess as per provisions of Section 111A. In other case, i.e. where the transaction is not subjected to STT, as per the provisions of Section 115AD of the Act, the short term capital gains would be chargeable to tax at 30 per cent. (plus applicable surcharge and education cess).
 - c) As per the provisions of Section 115AD of the Act, long term gains accruing to the shareholders of the Company from the transfer of shares of the Company being listed in recognized stock exchanges and purchased in foreign currency, otherwise than as mentioned in point 3(a) above, are chargeable to tax at 10 per cent. (plus applicable surcharge and education cess). The benefit of indexation and the adjustment with respect to fluctuation in foreign exchange rate would not be allowed to such shareholders. The filing of return under section 139(1) for income computed under Section 115AD is mandatory. Further, where the Gross Total Income (GTI) of the members includes any income on which tax has been paid as per special rates provided under Section 115AD, then the GTI shall be reduced by the amount of such income and deduction under chapter VIA shall be allowed in respect of reduced GTI.
 - d) The shareholders are entitled to claim exemption in respect of tax on long term capital gains under Section 54EC of the IT Act, if the amount of capital gains is invested in certain specified bonds / securities within six months from the date of transfer subject to the fulfilment of the conditions specified therein. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million.
- However, according to section 54 EC(2) of the IT Act, if the shareholder transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money.
4. Under the provisions of Section 90(2) of the IT Act, if the provisions of the Double Taxation Avoidance Agreement (DTAA) between India and the country of residence of the non-resident are more beneficial, then the provisions of the DTAA shall be applicable.

II. Tax Benefits available to the shareholders under the Indian Wealth-Tax Act, 1957

Shares of company held by the shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957. Hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

III. Tax Benefits available to the shareholders under the Indian Gift Tax Act, 1958

Gift Tax is not leviable in respect of any gifts made on or after 1st October, 1998. Therefore, any gift of shares of the company will not attract gift tax.

IV. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the IT Act, any income of Mutual Funds registered under the SEBI Act, 1992 or regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf. However, Mutual Funds will be liable to pay tax on distributed income to unit holders



under Section 115R of the IT Act.

V. Tax Deduction at Source

No income-tax is deductible at source from income by way of capital gains under the present provisions of the IT Act, in case of residents.

However, as per the provisions of section 195 of the IT Act, any income by way of capital gains, payable to non residents (long-term capital gains exempt under section 10(38) of the IT Act), may be eligible to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty.

Accordingly income tax may have to be deducted at source in the case of a non- resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.



LEGAL PROCEEDINGS

Our Company is involved in various legal proceedings pending before relevant Courts/statutory authorities, including tax-related litigation, civil matters, criminal matters, intellectual property related disputes and consumer disputes. Our Company does not expect these legal proceedings to have a material adverse impact on our business, results of operations and financial condition.

Details of these legal proceedings are as below:

Our Company, our Subsidiaries, our Joint Ventures and Joint Ventures of our Subsidiaries are involved in certain legal proceedings and claims in relation to certain civil, criminal and consumer litigation matters incidental to their business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may render us/them liable to liabilities/penalties and may adversely affect their business and results of operations. A classification of the material legal and other proceedings instituted by or against our Company is given in the following table:

Type of Legal Proceedings	Total number of pending cases		Amount involved (Rs. in million, approximate amount)
	Cases filed by our Company	Cases filed against our Company	
Civil cases	21	22	100.00*
Quantifiable cases	8	7	
Criminal cases	2	NIL	Not quantifiable
Quantifiable cases	2	NIL	
Consumer cases	NIL	31	29.00
Quantifiable cases	NIL	31	

* The claim amount excludes the amount claimed as damages in one case. The claim has been filed against us and certain other parties in relation to one of our projects, and the relief sought is either vacation of the relevant land or a monetary claim, which our Company considers to be disproportionate, baseless, frivolous and untenable. Our Company has initiated legal proceedings against the counter party. We have spent a sum of approximately Rs. 210 million on the said project till date.

A classification of these legal and other proceedings instituted by or against our Subsidiaries is given in the following table:

Type of Legal Proceedings	Total number of pending cases			Amount involved (Rs. in million)
	Cases filed by our Subsidiary	Cases filed against our Subsidiary		
Civil cases	4	1		0.8 million
Quantifiable cases	1	NIL		

A classification of these legal and other proceedings instituted by our Joint Ventures are given in the following table:

Type of Legal Proceedings	Total number of pending cases	Amount involved (Rs.)
Civil cases	2	Not quantifiable
Quantifiable cases	NIL	



A classification of these legal and other proceedings instituted by or against the Joint Ventures of our Subsidiaries is given in the following table:

Type of Legal Proceedings	Total number of pending cases				Amount involved (Rs.)
	Cases filed by our Subsidiary	Cases filed against our Subsidiary			
Civil cases	5	4			Not quantifiable
Quantifiable cases	NIL	NIL			

Note: The amounts as stated above are the amounts expressly claimed, being the liability and financial impact that our Company/Subsidiary/joint venture may incur if it/they are unsuccessful in legal proceedings. However, it does not include those penalties, interests and costs, if any, that may be imposed on our Company and our Directors that may have been pleaded but not quantified in the course of legal proceedings, or which the Court/Tribunal otherwise has the discretion to impose upon our Company. The imposition and amount of such penalties/interest/costs are at the discretion of the Court/Tribunal where the case is pending. Such liability, if any, would become actual liabilities only on the order of the Court / Tribunal where the case is pending. All the aforesaid information in this chapter titled 'Legal Proceedings is as of August 21, 2009.



GENERAL INFORMATION

Our Company was incorporated as Akruti Nirman Private Limited on February 16, 1989. Our Company was subsequently converted into a public limited company on April 11, 2002. The name of our Company was changed to Akruti City Limited on October 11, 2007 and further changed to Ackruti City Limited on June 1, 2009. Our Company's Identification number is L45200MH1989PLC050688.

Our Company's current corporate and registered office is situated at Akruti Trade Centre, 6th Floor, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400093.

Our Company's main objects as set out in our Memorandum of Association are:

1. To engage, undertake and execute any contracts for works construction or projects involving civil, mechanical and electrical engineering.
2. To undertake and execute contract for designing and constructing bridges, ecqueducts, tunnels, industrial sheds, cooling towers, foundations, canals, weirs, dams, mass excavations, public utility structures, buildings.
3. To carry on business of Builders, Contractors, Dealers in and manufacture of pre-fabricated and pre-cast houses, buildings or erection and materials, tools, implements, machines and metalware in connection therewith or incidental thereto fabrication or erection of steel or tubular structures.
4. To purchase, develop, take in exchange or on lease hire or otherwise acquire, whether for investment and or sale or working the same, any real or personal estate or property including land, mine business building, factory, mill, houses, cottages, shops, mineral, right concession, privilege, licenses, lease whatsoever for the purpose of the Company in consideration for a gross sum or rent or partly in or one and partly in other or for sum other consideration and to carry on business as proprietor of flats and buildings and to let on lease any houses, apartments wherein and to provide for conveniences commonly provided in flats, suites residential and business quarters.
5. To build, construct, commercialise, convert, develop, design, demolish, deal, erect, establish, fabricate, finance, furnish, hire, improve, lease, license, manage, maintain, repair, remodel, recondition, renovate and sell Hotels, Taverns, Restaurants, Food Courts, luncheon counters, Cafeterias, Bars, Resorts, Refreshment Rooms, Boarding and Lodging, House Keepers, Motels, Guesthouses, Clubs, Shopping Malls, Theatres and Cinemas, Entertainment and Sports Complex, Entertainment Multiplexes, Places of amusement recreations, Amusement parks, Recreation Centres, Pubs, Discotheques, Swimming Pools, Fitness and Health clubs, Banquet halls, Marriage halls, Hospitals, Schools, Super markets, Hyper markets, Departmental stores, Places of worship Highways, Roads, Paths, Streets, Sideways, Courts, Alleys, Pavements, Bridges, land and to do other similar construction leveling or paving work, and for those purposes to purchase, take on leases, or otherwise acquire and hold any lands and prepare layout thereon or buildings of any tenure or description wherever situate and to do the business of real estate developers, construction and estate agents, property dealers and to carry out such other related activities in India or any other part of the world.
6. This Issue was authorized and approved by the Board of Directors on June 4, 2009. Further, the Issue is authorized by a special resolution adopted by our shareholders pursuant to Section 81(1A) of the Companies Act on July 21, 2009 in accordance with the provisions of Section 192A of the Companies Act read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.
7. Subject to matters described and discussed in the section entitled "Legal Proceedings", our Company is not involved in any litigation or arbitration proceedings that have a significant adverse effect on our Company's financial position, and our Company is not aware that any such proceedings are pending or threatened.
8. Our Company has also filed a copy of the Preliminary Placement Document with BSE and NSE, and has received in-principle approvals from BSE and NSE under Clause 24(a) of the listing agreement by their letters dated August 31, 2009 and August 31, 2009, respectively.



9. Our Company prepared its audited consolidated financial statements for the years ended March 31, 2007, March 31, 2008 and March 31, 2009 as contained herein in conformity with Indian GAAP.. The unaudited financial results (limited reviewed) and notes thereto for the first quarter ended June 30, 2009 have been prepared by our Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges in India.
10. Except as disclosed in the Placement Document, there has been no significant change in our financial position since March 31, 2009, the date of our last audited financial results.
11. Our Joint Statutory Auditors, Dalal & Shah, Chartered Accountants and Doshi Doshi & Associates, Chartered Accountants, have consented to the inclusion of their report in the Placement Document which includes the audited consolidated financial information for the years ended March 31, 2007, March 31, 2008 and March 31, 2009 and the unaudited financial results (limited reviewed) for the first quarter ended June 30, 2009.
12. Copies of our Memorandum and Articles of Association will be available for inspection during usual business hours on any weekday (except Saturdays, Sundays and public holidays) at our Registered Office.
13. We have obtained all consents, approvals and authorisations required in connection with the Issue, except for consents from some lenders for which we have applied for and are awaited.
14. Except as mentioned in the Placement Document, there are no litigation or arbitration proceedings against or affecting us or our assets or revenues which are or might be material in the context of our Company or the Issue of Equity Shares. Further we are not aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of our Company or the Issue of Equity Shares.
15. We confirm that we are in compliance with the minimum public shareholding requirements as required under the terms of the listing agreements with the Stock Exchanges.
16. Our Company and the GC-BRLM and Co-Manager accept no responsibility for statements made otherwise than in the Placement Document and anyone placing reliance on any other source of information, including our website www.ackrutcitiy.com, would be doing so at his or her own risk.
17. The SEBI Floor Price for the Issue is Rs. 500.60 per Equity Share of face value of Rs. 10 each. The Floor Price is calculated in accordance with Clause 13A.3 of the Erstwhile SEBI Guidelines.



ACCOUNTANTS

The audited consolidated financial statements as of and for the three years ended March 31, 2009, March 31, 2008 and March 31, 2007 were prepared in accordance with the Auditing Standards and Generally Accepted Accounting Principles followed in India. Further the unaudited financial results (limited reviewed) for the first quarter ended June 30, 2009 (the "Unaudited June Quarter Results") that appear in the Placement Document have been prepared by our Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges in India. These financial statements / information which were so included in reliance on the report of Dalal & Shah, Chartered Accountants and Doshi Doshi & Associates, Chartered Accountants, Joint Statutory Auditors, Mumbai for the years / periods given on the authority of such firm(s) in auditing and accounting.



DECLARATION

The Company certifies that all relevant provisions of Chapter VIII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on this Issue have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Placement Document are true and correct.

Sd/-
Managing Director

Date: September 10, 2009



FINANCIAL STATEMENTS

No.	Particulars
A.	Consolidated Auditors Report on financial statements for FY 2009, FY 2008 and FY 2007



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

1. We, M/s. Dalal & Shah, Chartered Accountants and M/s. Doshi Doshi & Associates, Chartered Accountants have jointly audited the attached Consolidated Balance Sheet of Akruti City Limited (formerly known as Akruti City Limited, Akruti Nirman Limited) ("the Company") and its subsidiaries, joint ventures / partnership firms and associates (hereinafter together referred to as "the Group") as at 31st March, 2009, 2008 and 2007, the Consolidated Profit and Loss Account for the years ended on those dates and the Consolidated Cash Flow statement for the years ended 31st March, 2009 and 2008, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the management of the Company and have been prepared by the management on the basis of separate financial statements and other financial information relating to the separate entities of the Group. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We have 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) The financial statements of Subsidiaries which have been audited by Doshi Doshi & Associates, Chartered Accountants, reflect total assets of Rs.1,649.85 million as at 31st March, 2009, Rs.2,826.61 million as at 31st March, 2008 and Rs.2,541.84 million as at 31st March, 2007 and total revenues of Rs.33.10 million for the year ended 31st March, 2009, Rs.257.92 million for the year ended 31st March, 2008 and Rs.135.59 million for the year ended 31st March, 2007. The financial statements of a subsidiary which have been audited by Dalal & Shah, Chartered Accountants, reflect total assets of Rs.229.23 million as at 31st March, 2009 and Rs.251.05 million as at 31st March, 2008 and total revenues of Rs.0.001 million for the year ended 31st March, 2009 and Rs.0.40 million for the year ended 31st March, 2008.
- (b) The financial statements of Subsidiaries which have not been audited by us, reflect total assets of Rs.92.50 million as at 31st March, 2009 and Rs.293.06 million as at 31st March, 2008, and total revenues of Rs.0.67 million for the year ended 31st March, 2009 and Rs.Nil for the year ended 31st March, 2008. These financial statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.
4. (a) The financial statements of Joint ventures / Partnership Firms which have been audited by Doshi Doshi & Associates, Chartered Accountants, reflect total assets of Rs.1,794.57 million as at 31st March, 2009, Rs.2,142.70 million as at 31st March, 2008 and total revenues of Rs.0.51 million for the year ended 31st March, 2009 and Rs.1.02 million for the year ended 31st March, 2008.



- (b) The financial statements of Joint ventures / Partnership Firms which have not been audited by us, reflect total assets of Rs.2,359.00 million as at 31st March, 2009 and Rs.531.96 million as at 31st March, 2008 and total revenues of Rs.36.26 million for the year ended 31st March, 2009 and Rs.2.37 million for the year ended 31st March, 2008. These financial statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these entities, is based solely on the reports of the other auditors.
5. (a) The financial statements of Associates which have been audited by Doshi Doshi & Associates, Chartered Accountants, reflect the Company's (net) profit / (loss) of Rs.0.96 million for the year ended 31st March, 2009, (Rs.0.55) million for the year ended 31st March, 2008 and (Rs.0.07) million for the year ended 31st March, 2007. The financial statements of an associate which have been audited by Dalal & Shah, Chartered Accountants, reflect the Company's (net) share of (loss) of (Rs.0.57) million for the year ended 31st March, 2009 and (Rs. 0.71) million for the year ended 31st March, 2007.
- (b) The financial statements of Associates which have not been audited by us, reflect the Company's (net) profit / (loss) of Rs.91.65 million for the year ended 31st March, 2009, (Rs.0.09) million for the year ended 31st March, 2008 and Rs.0.40 million for the year ended 31st March, 2007. These financial statements have been audited by other auditors, including Viral D. Doshi & Co., Chartered Accountants, the joint auditor (along with M/s. Dalal & Shah, Chartered Accountants) for the year ended 31st March, 2007. Our opinion, insofar as it relates to the amounts included in respect of these entities, is based solely on the reports of these auditors, whose reports have been furnished to us.
6. We report that the Consolidated Financial Statements have been prepared by the Company 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' and on the basis of separate audited financials statements of the Company, its subsidiaries, its joint ventures and its associates.
7. As indicated in Note No.11 of Schedule O to the Accounts, the accompanying consolidated financials statements have been prepared on the basis of the audited statutory consolidated financial statements for the respective years, which have been adjusted for taxes and other income / expenditure in respect of earlier years and subsequent events. These consolidated financial statements have been audited jointly by M/s. Dalal & Shah, Chartered Accountants together with (i) M/s. Doshi Doshi & Associates, Chartered Accountants for the financial years ended 31st March, 2009 and 2008 and (ii) M/s. Viral D. Doshi & Co., Chartered Accountants, for the financial year ended 31st March, 2007. The audited statutory consolidated financial statements will continue to be the basis of annual reporting for the Company without above referred adjustments.
8. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid consolidated entities, in our opinion, the 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 consolidated state of affairs of the Group as at 31st March, 2009, 2008 and 2007;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the years ended on 31st March, 2009, 2008 and 2007; and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the years ended 31st March, 2009 and 2008.



9. This report is solely for your information and for inclusion in the offer document being issued by the Company in connection with the proposed placement of equity shares under Chapter XIII- A of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For and on behalf of
DALAL & SHAH
Chartered Accountants

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.: 37310

VIRAL DOSHI
Partner
Membership No.: 105330

Mumbai: 28th August, 2009

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009, 2008 AND 2007**

Rs. in million

Particulars	Schedule	2009	2008	2007
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	A	667.00	667.00	667.00
Reserves and Surplus	B	9,755.61	6,491.81	4,311.46
		10,422.61	7,158.81	4,978.46
Share Application Money		42.00	112.69	-
LOAN FUNDS				
	C			
Secured Loans		8,488.93	5,520.21	2,819.84
Unsecured Loans		2,079.83	2,771.74	2,058.92
		10,568.76	8,291.95	4,878.76
DEFERRED TAX LIABILITY (Refer Note 4)		-	-	1.32
MINORITY INTEREST		1.85	19.78	1.19
TOTAL		21,035.22	15,583.23	9,859.73
APPLICATION OF FUNDS				
FIXED ASSETS				
	D			
Gross Block		759.90	1,256.47	1,037.34
Less:- Depreciation and Amortisation		109.55	212.13	144.53
Net Block		650.35	1,044.34	892.81
Capital Work – in – progress		331.22	104.72	2.67
		981.57	1,149.06	895.48
INVESTMENTS	E	3,025.41	2,276.47	2,746.84
DEFERRED TAX ASSET (Refer Note 4)		103.72	316.95	-
CURRENT ASSETS, LOANS AND ADVANCES				
	F			
Inventories		7,729.94	4,351.21	1,584.27
Sundry Debtors		4,517.39	45.41	716.02
Cash and Bank Balances		109.75	402.84	1,333.47
Other Current Assets		740.83	323.73	2.58
Loans and Advances		6,153.15	8,926.58	3,570.58
		19,251.06	14,049.77	7,206.92
LESS: CURRENT LIABILITIES AND PROVISIONS				
	G			
Current Liabilities		2,142.71	1,548.84	659.72
Provisions		240.03	660.18	329.79
		2,382.74	2,209.02	989.51
NET CURRENT ASSETS		16,868.32	11,840.75	6,217.41
MISCELLANEOUS EXPENDITURE (to the extent not written off)				
Loan Processing Fees and Other Finance Charges		56.20	-	-
TOTAL		21,035.22	15,583.23	9,859.73
Notes forming part of the Accounts	O			

For and on behalf of For and on behalf of

For and on behalf of the Board

Dalal & Shah
Chartered Accountants

Doshi Doshi & Associates
Chartered Accountants

Hemant M. Shah
Executive Chairman

Vyomesh M. Shah
Managing Director

Shishir Dalal
Partner
M.No.: 37310
Mumbai
Date: 28th August, 2009

Viral D. Doshi
Partner
M.No.: 105330

Chetan S. Mody
Company Secretary

Mumbai
Date: 28th August, 2009

Bharat Mody
Chief Finance Officer



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH, 2009, 2008 AND 2007

		Rs. in million		
Particulars	Schedule	2008-09	2007-08	2006-07
Income				
Sales and Income from Operations	H	5,028.27	3,340.04	1,894.76
Surplus on Sale of Interest in Project executed through subsidiary company		376.90	-	-
Share of Profit from Joint Ventures and Partnership Firms (Net)		0.02	49.55	-
Other Income	I	211.16	308.54	95.27
TOTAL		5,616.35	3,698.13	1,990.03
Expenditure				
Cost of Construction	J	4,185.85	2,398.46	1,031.53
(Increase) in Inventories	K	(4,439.31)	(2,139.70)	(459.73)
Purchase of Transferable Development Rights (TDR) for Trade		-	-	34.23
Share of Loss from Joint Ventures and Partnership Firms (Net)		-	-	5.28
Employment Costs	L	148.70	69.67	67.33
Administrative, Selling and General Expenses	M	369.16	223.92	169.36
Cost allocated to contractual interest in projects executed through Associates, etc. amortised		58.51	-	-
Project Expenses written off		36.20	-	-
Interest and Finance Charges	N	1,402.25	615.37	199.90
Depreciation and Amortisation		57.13	69.31	62.10
TOTAL		1,818.49	1,237.03	1,110.00
Profit Before Tax, Before Minority Interest And Share Of Profit / (Loss) Of Associates		3,797.86	2,461.10	880.03
Add/ (Less) : Provision for Taxation				
- Current Tax		(340.78)	(403.47)	(115.09)
- Deferred Tax (Charge) / Credit		(213.02)	314.51	5.12
- Fringe Benefit Tax		(1.63)	(1.66)	(2.31)
- Wealth Tax		(0.18)	(0.25)	(0.09)
Profit After Tax, Before Minority Interest And Share Of Profit / (Loss) Of Associates		3,242.25	2,370.23	767.66
Add / (Less) :				
Share of Profit / (Loss) from Associate Companies		92.03	(0.88)	(0.76)
Minority Interest		3.35	0.85	0.01
Profit For The Year		3,337.63	2,370.20	766.91
Add / (Less) :				
Balance brought forward from previous year		1,895.43	20.31	460.95
Capitalised towards issue of Bonus Shares		-	-	(52.50)
Amount Available For Appropriation		5,233.06	2,390.51	1,175.36
Appropriations :				
Interim Dividend		-	120.06	-
Tax on Interim Dividend		-	20.40	-
Proposed Dividend		66.70	46.69	100.05
Tax on Proposed Dividend		17.11	7.93	17.00
General Reserve		0.12	300.00	38.00
Debenture Redemption Reserve		-	-	1,000.00
Balance carried to Balance Sheet		5,149.13	1,895.43	20.31
Earning per share of Rs. 10 each (Basic and Diluted) (Refer Note 9) (in Rs.)		50.04	35.54	12.56
Notes forming part of the Accounts	O			



For and on behalf of

Dalal & Shah
Chartered Accountants

Shishir Dalal
Partner
M.No.: 37310
Mumbai
Date: 28th August, 2009

For and on behalf of

Doshi Doshi & Associates
Chartered Accountants

Viral D. Doshi
Partner
M.No.: 105330

For and on behalf of the Board

Hemant M. Shah
Executive Chairman

Chetan S. Mody
Company Secretary

Mumbai
Date: 28th August, 2009

Vyomesh M. Shah
Managing Director

Bharat Mody
Chief Finance Officer

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED 31ST MARCH, 2009 AND 2008**

Particulars	Rs. in million	
	2008-09	2007-08
I CASH FLOW ARISING FROM OPERATING ACTIVITIES :		
Net Profit before Tax as per Profit and Loss Account	3,797.86	2,461.10
Add / (Deduct) :		
Interest and Finance Charges	1,402.25	615.37
Project Expenses Written Off	36.20	-
Depreciation and Amortisation	57.13	69.31
Dividend from Current Investments	(4.75)	(22.15)
Profit on Sale of Current Investments	-	(15.44)
Interest Income	(180.70)	(231.28)
Minority Interest (Loss)	3.35	0.85
Provision for doubtful advances	80.59	-
Contractual Interest in projects executed through Associates, etc. amortised	58.51	-
Loss / (Surplus) on Sale / Discardment of Fixed Assets (Net)	29.72	(1.43)
	1,482.30	415.23
Operating Profit before Working Capital Changes	5,280.16	2,876.33
Add / (Deduct) :		
(Increase) in Inventories	(2,773.09)	(2,739.88)
(Increase) / Decrease in Trade and Other Receivables	(1,027.88)	1,453.92
(Increase) in Contractual Interests in Projects executed through Associates, etc.	(455.06)	(321.15)
Increase in Trade Payables	421.78	898.51
Direct Taxes Paid	(313.29)	(351.65)
	(4,147.54)	(3,968.09)
Net Cash Flow in the course of Operating Activities	1,132.62	(1,091.76)
II CASH FLOW ARISING FROM INVESTING ACTIVITIES :		
Inflow / (Outflow) on account of :		
Fixed Assets (Net)	(233.16)	(346.30)
Dividend from Current Investments	4.75	22.15
Profit on Sale of Current Investments	-	15.44
Interest Income	180.70	231.28
(Increase) in Loans and Advances (Including towards Share Application)	(1,201.68)	(1,831.85)
Acquisition of Joint Ventures and Subsidiaries (Net)	(861.20)	(421.70)
Other Long term Investments Acquired (Net)	(100.75)	(1,446.64)
Current Investments Disposed off (Net)	31.05	1,917.20
Net Cash Flow in the course of Investing Activities	(2,180.29)	(1,860.42)
III CASH FLOW ARISING FROM FINANCING ACTIVITIES :		
Inflow / (Outflow) on account of :		
Increase in Secured Loans	2,900.02	2,655.14
Increase/(Decrease) in Unsecured Loans	(729.76)	672.16
Share Application Money	-	95.79
Interest and Finance Charges	(1,402.30)	(613.99)
Dividend Paid	(46.69)	(220.01)
Securities Premium Account	9.98	-
Tax on Dividend Paid	(13.71)	(37.41)
Share Issue Expenses	-	(48.07)
Net Cash Flow in the course of Financing Activities	717.54	2,503.61
Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)	(330.13)	(448.57)
Add: Balance at the beginning of the year	350.08	761.09



Particulars	2008-09	2007-08
Balances acquired on acquisition of Joint Ventures and Subsidiaries	58.14	37.56
Cash and Cash Equivalents at the close of the year	78.09	350.08
<u>Reconciliation of Cash and Bank Balances given in Schedule F, is as follows:-</u>		
Cash and Bank Balances	109.75	402.84
Less: Margin Money Balances	(31.66)	(52.76)
Cash and Cash Equivalents at the close of the year	78.09	350.08

Note :

The Accounting Standard AS-21 on "Consolidated Financial Statements" became applicable to the Company for the first time for the financial year ended 31st March, 2007. Hence, figures for the financial year ended 31st March, 2006 were not compiled and disclosed. As a consequence, it was not possible to present the Consolidated Cash Flow Statement for the financial year 2006-07, since the opening balances which are relevant for compilation of cash flow for 2006-07, were not available.

For and on behalf of

Dalal & Shah
Chartered Accountants

Shishir Dalal
Partner
M.No.: 37310
Mumbai
Date: 28th August, 2009

For and on behalf of

Doshi Doshi & Associates
Chartered Accountants

Viral D. Doshi
Partner
M.No.: 105330

For and on behalf of the Board

Hemant M. Shah
Executive Chairman

Chetan S. Mody
Company Secretary

Mumbai
Date: 28th August, 2009

Vyomesh M. Shah
Managing Director

Bharat Mody
Chief Finance Officer



SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH 2009, 2008 AND 2007

	Rs. in million		
Particulars	2009	2008	2007
SCHEDULE 'A'			
SHARE CAPITAL			
AUTHORISED			
125,000,000 Equity Shares of Rs. 10/- each	1,250.00	1,250.00	1,250.00
	1,250.00	1,250.00	1,250.00
ISSUED, SUBSCRIBED AND PAID UP			
66,700,000 Equity Shares of Rs.10/- each fully paid up	667.00	667.00	667.00
[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 including 12,000,000 during financial year 2006-07. Further, during the financial year 2006-07, Ackruti City Limited allotted 6,700,000 Equity Shares under Initial Public Offer (IPO)]			
Per Balance Sheet	667.00	667.00	667.00
SCHEDULE 'B'			
RESERVES AND SURPLUS			
Securities Premium Account			
Balance as per last Account	3,247.03	3,241.83	-
Add / (Less) :			
Received during the year	9.98	-	3,551.00
Share Issue Expenses on IPO (incurred) / written back	-	5.20	(309.17)
	3,257.01	3,247.03	3,241.83
Debenture Redemption Reserve			
Balance as per last Account	-	1,000.00	-
Add / (Less) :			
Transferred from Profit and Loss Account	-	-	1,000.00
Transferred to General Reserve	-	(1,000.00)	-
	-	-	1,000.00
General Reserve			
Balance as per last Account	1,338.00	38.00	67.50
Add / (Less) :			
Amount capitalised towards issue of bonus shares	-	-	(67.50)
Transferred from Debenture Redemption Reserve	-	1,000.00	-
Transferred from Profit and Loss Account	0.12	300.00	38.00
	1,338.12	1,338.00	38.00
Capital Reserve			
Balance as per last Account	11.35	11.32	-
Add / (Less) :			
Created during the year	-	0.03	11.32
	11.35	11.35	11.32
Surplus in Profit and Loss Account	5,149.13	1,895.43	20.31
Per Balance Sheet	9,755.61	6,491.81	4,311.46



SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH 2009, 2008 AND 2007

Particulars	Rs. in million		
	2009	2008	2007
SCHEDULE 'C'			
LOAN FUNDS			
Secured Loans			
a) 100 Privately Placed Non- Convertible Debentures of Rs.10,000,000/- each redeemed in equal instalments of Rs.5,000,000/- each on 13th October 2007 and 13th November 2007 respectively	-	-	1,000.00
b) Loans from Banks	3,004.75	1,136.61	794.63
Interest Accrued on above	31.41	-	5.31
	3,036.16	1,136.61	799.94
c) Loans from Financial Institutions	966.60	3,080.00	220.00
d) Loans from Banks against Future Lease Rentals	1,005.00	1,136.20	796.72
e) Vehicle Loans from Banks	0.31	1.42	3.18
f) Short Term and Working Capital Loans from Banks	300.00	-	-
Interest Accrued on above	7.37	-	-
	307.37	-	-
g) Loans from Other Companies	2,715.28	-	-
Interest Accrued on above	22.34	-	-
	2,737.62	-	-
	8,053.06	5,354.23	2,819.84
Add : Share in Joint Ventures	435.87	165.98	-
Per Balance Sheet	8,488.93	5,520.21	2,819.84
Unsecured Loans			
Fixed Deposits	187.26	72.26	-
Short Term Loans			
From Body Corporates	1,843.89	1,854.61	2,055.00
From Others	3.92	841.30	3.92
	1,847.81	2,695.91	2,058.92
	2,035.07	2,768.17	2,058.92
Add : Share in Joint Ventures	44.76	3.57	-
Per Balance Sheet	2,079.83	2,771.74	2,058.92



SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH 2009, 2008 AND 2007

**SCHEDULE 'D'
FIXED ASSETS**

PARTICULARS	Rs. in million								
	2009			2008			2007		
	Gross Block	Depreciation	Net Block	Gross Block	Depreciation	Net Block	Gross Block	Depreciation	Net Block
Freehold Land	0.80	-	0.80	0.80	-	0.80	-	-	-
Leasehold Land	-	-	-	-	-	-	4.23	0.14	4.09
Premises	7.85	1.12	6.73	14.96	1.10	13.86	18.68	0.99	17.69
Compound Wall	10.64	0.19	10.45	-	-	-	-	-	-
Mivan System	30.33	5.51	24.82	14.49	1.90	12.59	5.33	1.23	4.10
Generator	6.06	2.67	3.39	0.85	0.05	0.80	-	-	-
Laboratory Equipment	1.66	0.22	1.44	-	-	-	-	-	-
Air Conditioners	2.12	0.64	1.48	2.48	0.57	1.91	1.57	0.22	1.35
Computers	15.93	8.74	7.19	14.80	5.28	9.52	4.96	1.64	3.32
Office Equipment	7.30	2.05	5.25	6.63	1.39	5.24	3.64	0.57	3.07
Furniture and Fixtures	28.29	11.97	16.32	98.88	45.83	53.05	95.40	32.95	62.45
Vehicles	36.86	18.54	18.32	34.35	13.00	21.35	25.30	9.08	16.22
Plant and Machinery	-	-	-	28.79	2.77	26.02	-	-	-
Total (I)	147.84	51.65	96.19	217.03	71.89	145.14	159.11	46.82	112.29
Leased Assets@									
Leasehold Land	281.54	11.79	269.75	430.43	28.28	402.15	238.69	17.93	220.76
Commercial Premises \$	73.18	17.73	55.45	518.02	70.36	447.66	550.35	48.83	501.52
Furniture and Fixtures	27.84	16.52	11.32	89.19	41.51	47.68	89.19	30.95	58.24
Total (II)	382.56	46.04	336.52	1,037.64	140.15	897.49	878.23	97.71	780.52
TOTAL (I + II)	530.40	97.69	432.71	1,254.67	212.04	1,042.63	1,037.34	144.53	892.81
Add: Share in Joint Ventures	229.50	11.86	217.64	1.80	0.09	1.70	-	-	-
GRAND TOTAL	759.90	109.55	650.35	1,256.47	212.13	1,044.34	1,037.34	144.53	892.81
<i>Capital Work-in-progress [Including expenditure on Development of Software (Intangible)]</i>			331.22			104.72			2.67

Notes :

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

\$ Includes cost of shares held in companies (including two subsidiaries and associates) aggregating Rs. 1.68 mn., Rs. 1.22 mn and Rs. 1.24 mn for the year ended 31st March, 2009 , 31st March, 2008 & 31st March 2007, respectively, carrying the occupancy rights in the premises.



SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH 2009, 2008 AND 2007

Rs. in million

Particulars	2009	2008	2007
SCHEDULE 'E'			
INVESTMENTS (Unquoted) (Trade, unless otherwise specified)			
Long Term Investments (At cost)			
i) Companies (Fully paid Shares / Debentures)			
A. Associate Companies			
a) Infrastructure Ventures India Private Limited (Formerly known as Infrastructure Ventures India Limited) 2,666,619 Equity Shares of Rs. 10/- each [includes Goodwill Rs. 483.31 mn.] Consolidated as Subsidiary 1,666,520 Equity Shares of Rs. 10/- each [includes Goodwill Rs. 3.39 mn.] Share of Current Profit / (Loss)	656.14 (0.57)	-- --	16.67 (1.05)
b) Joyous Housing Limited (formerly known as Mangal Shruti Gruh Nirmiti Limited) 25,000 Equity Shares of Rs. 100/- each [includes Goodwill Rs. 0.15 mn.] Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss)	2.50 (1.39) 0.70	2.50 0.43 (1.83)	2.50 -- 0.43
c) Pristine Developers Private Limited 8,000 Equity Shares of Rs. 10/- each Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss)	0.08 (0.08) 6.74	0.08 (0.08) --	0.08 -- (0.08)
d) DLF Akruti Info Parks (Pune) Limited 659,997 Equity Shares of Rs. 10/- each [includes Goodwill Rs. 0.04 mn.] 50,160 Equity Shares of Rs. 10/- each [includes Goodwill Rs. 0.04 mn.] Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss)	6.60 1.20 89.54	6.60 (0.07) 1.27	0.50 -- (0.06)
e) Chaitra Realty Limited 3,198 Equity Shares of Rs.10/- each [includes Goodwill Rs. 878.75 mn.] 3,191 Equity Shares of Rs.10/- each [includes Goodwill Rs. 878.75 mn.] Share of Current Profit / (Loss)	881.06 0.25	 879.51 --	-- --
f) Akruti Security Plates Private Limited (formerly known as Almighty Impex Private Limited) 24,500 Equity shares of Rs 10/- each (Includes Goodwill Rs. 5.87 mn.) Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss)	4.90 (0.33) (4.57)	4.90 -- (0.33)	-- --
g) Akruti Security Plates Private Limited (formerly known as Almighty Impex Private Limited) 10,208 Cumulative Convertible Preference shares of Rs 100/- each	1.02	1.02	--
h) Mutha Realty Private Limited 3,333 Equity Shares of Rs.100/- each Share of Current Profit / (Loss)	--	0.33 0.04	--
i) Broadway Integrated Private Limited 33,330 Equity Shares of Rs.10/- each Share of Current Profit / (Loss)	--	0.33 --	--



SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH 2009, 2008 AND 2007

Rs. in million

Particulars	2009	2008	2007
j) Zeus Infrastructure Private Limited 100,000 Equity Shares of Rs.10/- each (Includes Goodwill Rs. 0.15 mn.) Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss)	1.00 (0.03) (0.04)	1.00 -- (0.03)	--
k) Glamorous Properties Private Limited 312,500 Equity Shares of Rs.10/- each (Includes Goodwill Rs. 30.02 mn.) Share of Current Profit / (Loss)	30.00 (0.02)	--	--
l) Akruti City Bus Terminal (Vadodara) Limited (Formerly known as Akruti City Bus Terminal (Vadodara) Private Limited) 10,000 Equity Shares of Rs. 10/- each [includes Goodwill Rs.0.01 mn.]	0.10	--	--
m) Akruti City Bus Terminal (Mehsana) Limited (Formerly known as Akruti City Bus Terminal (Mehsana) Private Limited) 10,000 Equity Shares of Rs. 10/- each [includes Goodwill Rs. Rs.0.01 mn.]	0.10	--	--
SCHEDULE 'E' (Contd.)			
n) Multicity Bus Terminal (Surat) Limited (Formerly known as Multicity Bus Terminal (Surat) Private Limited) 10,000 Equity Shares of Rs. 10/- each [includes Goodwill Rs. Rs.0.03 mn.]	0.10	--	--
o) Multicity Bus Terminal (Surat-Adajan) Limited (Formerly known as Multicity Bus Terminal (Surat-Adajan) Private Limited) 10,000 Equity Shares of Rs. 10/- each	0.10	--	--
B. Others			
a) Citygold Investments Private Limited 693,770 Equity Shares of Rs. 10/- Each	6.94	6.94	6.94
b) Citygold Management Services Private Limited 240 Equity Shares of Rs. 100/- Each	0.02	0.02	0.02
c) Janakalyan Sahakari Bank Limited 37,815 Equity Shares of Rs. 10/- Each	0.38	0.38	0.38
d) Dharni Properties Private Limited 2,191 'A' Class Equity shares of Rs.500/- each	1.10	1.10	1.10
e) Akruti Niharika Buildings Limited 6,000 'B' Class Equity Shares of Rs.50/- each	0.30	0.30	0.30
f) Shamrao Vithal Co-operative Bank Limited 25 Equity Shares of Rs.29/- each and 125 Equity Shares of Rs.25/- each)			
g) Opulent Trading and Investment Private Limited 4,900 Equity Shares of Rs.10/- each	0.05	--	--
h) Suraksha Realty Limited 2,000 Equity Shares of Rs.10/- each	0.02	--	--
i) Mahanagar Co-operative Bank Limited 49,900 Equity Shares of Rs. 10/- each	0.50	--	--
j) Netzone Developers Private Limited 250,000 Optionally Convertible Debentures of Rs.5000 each	1,250.00	1,250.00	--



SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH 2009, 2008 AND 2007

Rs. in million

	Particulars	2009	2008	2007
k)	Akruti Security Plates Private Limited (formerly known as Almighty Impex Private Limited) <i>9,000 Equity shares of Rs. 10/- each</i>			1.80
l)	Gokulnivas Co-op. Housing Society Limited <i>5 Equity Shares of Rs. 50/- each</i>			
ii)	In Capital of Partnership Firms / Joint Ventures (Net of Contribution outstanding) (Refer Note 3)	90.00	90.00	769.06
iii)	Mutual Funds (Other than Trade)			
	Growth Option			
	<i>100,000 Units of Principal PNB Long Term Equity Fund of Rs.10/- each [3 Year Plan] (NAV: Rs. 0.05 mn.)</i>	1.00		
	<i>100,000 Units of Principal PNB Long Term Equity Fund of Rs.10/- each [3 Year Plan] (NAV: Rs. 1.00 mn.)</i>		1.00	--
	Sub-total Long term	3,025.41	2,245.41	798.59
iv)	Current Investment (Other than Trade) (At lower of cost and fair value).			
	In Mutual Fund (Units of Rs. 10/- each)			
	Growth Option			
	<i>27,064,088 Units of ING Vysya Liquid Fund Super Instl.Growth Option (NAV : Rs 301.76 mn.)</i>	--	--	300.00
	<i>25,000,000 Units of Reliance Fixed Horizon Fund II-Quarterly Plan Series V-Instl. Growth Plan (NAV : Rs 251.57 mn.)</i>	--	--	250.00
	<i>17,168,138 Units of Principal Floating Rate Fund-FMP-Institutional Option-Growth Plan (NAV : Rs 201.21 mn.)</i>	--	--	200.09
	Dividend Option	--	11.04	--
	<i>11,034,959 Units of HSBC Cash Fund-Institutional Plan (NAV Rs 11.04 mn.)</i>	--	20.02	--
	<i>2,001,523.10 Units of Fidelity Mutual Fund Daily Dividend Plan (NAV Rs 20.02 mn.)</i>	--	--	1.65
	<i>164418 Units of Birla Cash Plus-Institutional Premium Plan – Daily Dividend (NAV: Rs 1.65 mn.)</i>			1,196.51
	<i>119,584,463 Units of HSBC Cash Fund-Instl. Plus-Daily Dividend (NAV Rs. 1,196.51 mn.)</i>			
	Sub-total Current	-	31.06	1,948.25
	Per Balance Sheet	3,025.41	2,276.47	2,746.84

SCHEDULE 'F'
CURRENT ASSETS, LOANS AND ADVANCES

INVENTORIES (As taken, valued and certified by the Management)

[Refer Note 1 (V)]

Stock- in –trade (includes cost of Goodwill on acquisition, representing value of Land / Rights)

Floor Space Index (FSI)	145.04	146.22	323.43
Incomplete projects	4,167.21	2,946.18	1,006.69
Finished Properties	33.44	131.36	254.15



SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH 2009, 2008 AND 2007

Rs. in million

Particulars	2009	2008	2007
	4,345.69	3,223.76	1,584.27
Add : Share in Joint Ventures	3,384.25	1,127.45	-
	7,729.94	4,351.21	1,584.27
SUNDRY DEBTORS (Unsecured, Considered Good)			
Debts outstanding for a period exceeding six months	4,428.72	33.60	20.48
Other Debts	83.87	8.44	695.54
	4,512.59	42.04	716.02
Add : Share in Joint Ventures	4.80	3.37	-
	4,517.39	45.41	716.02
CASH AND BANK BALANCES			
Cash on hand	2.31	2.46	1.61
Bank Balances with Scheduled Banks			
- In Current Accounts	20.11	197.21	136.56
- In Deposit Accounts *	1.08	118.89	1,172.92
- In Margin Money Accounts *	31.66	52.76	22.38
* Including Interest Accrued thereon			
	55.16	371.32	1,333.47
Add : Share in Joint Ventures	54.59	31.52	-
	109.75	402.84	1,333.47
OTHER CURRENT ASSETS			
Contractual Interests in Projects executed through Associates, etc.	740.23	321.15	-
Income Tax Refund	0.60	2.58	2.58
	740.83	323.73	2.58
LOANS AND ADVANCES (Unsecured, Considered Good, unless specified)			
Loans to Employees (Interest free)	0.36	0.31	0.03
Loans and advances to Others	2,696.80	1,304.62	163.61
Advance towards Share Application	1,385.52	1,576.02	347.47
Advance Recoverable in Cash or in Kind or for Value to be Received (Including advance against Land/Rights)			
Good	1,934.95	4,401.89	2,895.65
Doubtful	80.59	-	-
Less: Provision	(80.59)	-	-
	-	-	-
Taxes Paid / Deducted at Source	10.07	502.91	163.82
Add : Share in Joint Ventures	125.45	1,140.83	-
	6,153.15	8,926.58	3,570.58
Per Balance Sheet	19,251.06	14,049.77	7,206.92

**SCHEDULE 'G'
CURRENT LIABILITIES AND PROVISIONS**

CURRENT LIABILITIES			
Sundry Creditors	438.21	296.53	253.86
Advances from Customers	726.47	847.34	265.59



SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH 2009, 2008 AND 2007

Rs. in million

Particulars	2009	2008	2007
Deposits from Customers	241.70	-	-
Overdrawn Bank Balances as per books of accounts	75.06	1.84	62.76
Other Liabilities	252.30	310.36	69.82
Interest Accrued but not Due on Loans	9.41	14.38	7.69
	1,743.15	1,470.45	659.72
Add : Share in Joint Ventures	399.56	78.39	-
	2,142.71	1,548.84	659.72

**SCHEDULE 'G' (Contd.)
PROVISIONS**

Income Tax	138.61	598.10	209.82
Fringe Benefit Tax	0.90	4.57	2.83
Wealth Tax	0.18	0.25	0.09
Employees' Benefits	21.97	-	-
Proposed dividend	66.70	46.69	100.05
Tax on proposed dividend	11.33	7.94	17.00
	239.69	657.54	329.79
Add : Share in Joint Ventures	0.34	2.64	-
	240.03	660.18	329.79
Per Balance Sheet	2,382.74	2,209.02	989.51

Particulars	2008-09	2007-08	2006-07
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SCHEDULE 'H'

SALES AND INCOME FROM OPERATIONS

Sale of Properties / Rights	4,718.57	3,035.63	1,685.10
Sale of TDR/FSI (Traded)	-	-	37.46
Sale of Incomplete Projects	5.42	-	0.95
	4,723.99	3,035.63	1,723.51
Project Management services in connection with Projects executed through Associates, etc.	38.17	-	-
Income from premises given on lease	250.35	304.27	171.25
	5,012.51	3,339.90	1,894.76
Add : Share in Joint Ventures	15.76	0.14	-
Per Profit and Loss Account	5,028.27	3,340.04	1,894.76

SCHEDULE 'I'

OTHER INCOME

Dividend from Current Investments	4.75	22.15	20.57
Profit on sale of Current investments	-	15.44	1.64
Royalty Received	-	-	2.00
Interest			
-Loans	141.37	204.70	31.04
-Bank Fixed Deposits	8.96	20.25	17.91
-Others	30.37	6.33	9.55
Surplus on Sale / Discardment of Fixed Assets (Net)	-	1.43	-
Gain on Foreign Currency Fluctuation (Net)	0.87	1.76	-
Liquidated Damages Received	-	20.20	-



Miscellaneous Income	22.11	15.84	12.56
	208.43	308.10	95.27
Add : Share in Joint Ventures	2.73	0.44	-
Per Profit and Loss Account	211.16	308.54	95.27

SCHEDULE 'J'
COST OF CONSTRUCTION

Construction Cost incurred during the year	1,568.66	1,819.87	1,060.22
Less: Transferred under Fixed Assets Schedule	-	-	76.42
Add : Written Down Value of Finished Properties transferred from Fixed Assets Schedule, on sale of property [Refer Note 1(V) (B)]	595.18	27.05	47.73
	2,163.84	1,846.92	1,031.53
Add : Share in Joint Ventures	2,022.01	551.54	-
		-	-
Per Profit and Loss Account	4,185.85	2,398.46	1,031.53



SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH 2009, 2008 AND 2007

Rs. in million

Particulars	2008-09	2007-08	2006-07
SCHEDULE 'K'			
(INCREASE) IN INVENTORIES			
Opening Inventory			
Floor Space Index (FSI)	146.22	323.43	336.42
Transferable Development Rights (TDR)	-	-	68.32
Incomplete projects *	2,953.12	1,085.32	643.06
Finished Properties	131.36	254.16	177.09
	3,230.70	1,662.91	1,224.89
Less: Project expenses written off	36.20	-	-
Less: Transfer to contractual interest on account of dilution of Subsidiary to Associate	22.38	-	-
Less: Transfer to investment on account of dilution of Subsidiary to Associate	604.77	-	-
Less: Reduction of inventory on account of dilution in subsidiary	267.25	-	-
Less: Advance Against FSI regrouped	-	1.89	-
Less: Cancellation of TDR Purchased in earlier Year	-	-	68.32
Less: Transferred under Fixed Assets Schedule (Refer Note 1(V) (B))	-	-	32.03
	2,300.10	1,661.02	1,124.54
* Includes Rs. 6.94 mn, Rs. 78.63 mn, for a subsidiary acquired during the year 2008-09 and 2007-08 respectively.			
Closing Inventory			
Floor Space Index (FSI)	145.04	146.22	323.43
Transferable Development Rights (TDR)	-	-	-
Incomplete projects	4,167.21	2,946.18	1,006.69
Finished Properties	33.44	131.36	254.15
	4,345.69	3,223.76	1,584.27
(Increase) in Inventories	(2,045.59)	(1,562.74)	(459.73)
Add : Share in Joint Ventures	(2,393.72)	(576.96)	-
Per Profit and Loss Account	(4,439.31)	(2,139.70)	(459.73)
SCHEDULE 'L'			
EMPLOYMENT COSTS			
Salaries, Bonus, etc.	225.69	153.14	62.24
Contribution to Provident and Other Funds	8.00	11.90	3.91
Staff Welfare Expenses	4.91	5.38	0.96
Other Fund Expenses	0.88	0.48	0.22
	239.48	170.90	67.33
Less: Costs allocated to Contractual Interests in Projects executed through Associates, etc.	91.95	101.23	-
	147.53	69.67	67.33
Add : Share in Joint Ventures	1.17	-	-
Per Profit and Loss Account	148.70	69.67	67.33

**SCHEDULE 'M'****ADMINISTRATIVE, SELLING AND GENERAL EXPENSES**

Insurance	6.35	4.69	2.77
Rent	3.84	5.25	1.03
Rates and Taxes	11.05	11.57	-
Advertisement	26.28	35.47	18.50
Advances and other debit balances written off	3.66	0.19	0.14
Donations	30.17	8.39	15.97
Brokerage	6.98	5.64	24.99
Directors Fees and Travelling Expenses	2.06	1.34	1.09
Commission to Non Executive Directors	1.80	2.00	-
Bad Debts	0.40	-	-
Provision for Doubtful Advances	80.59	-	-
Repairs and Society Maintenance Charges	29.01	40.74	16.91
Legal and Professional Fees	123.65	77.27	32.80
Other Expenses	80.15	78.57	47.84
Loss on sale / discardment of Fixed assets (Net)	29.72	-	7.31
Liquidated Damages	-	70.17	-
Miscellaneous Expenditure written off	-	-	0.01
	435.71	341.29	169.36
Less: Costs allocated to Contractual Interests in Projects executed through Associates etc.	105.72	118.17	-
	329.99	223.12	169.36
Add : Share in Joint Ventures	39.17	0.80	-
Per Profit and Loss Account	369.16	223.92	169.36

SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31ST MARCH 2009, 2008 AND 2007

Rs. in million

Particulars	2008-09	2007-08	2006-07
SCHEDULE 'N'			
INTEREST AND FINANCE CHARGES			
Interest			
- Debentures	-	52.19	34.22
- Fixed Loans	1,138.48	442.86	143.94
- Interest Others	325.51	55.10	8.20
	1,463.99	550.15	186.36
Loan Processing Fees and Other Finance Charges Amortised	166.88	166.95	13.54
	1,630.87	717.10	199.90
Less: Costs allocated to Contractual Interests in Projects executed through Associates etc.	257.55	101.74	-
	1,373.32	615.36	199.90
Add: Share in Joint Ventures	28.93	0.01	-
Per Profit and Loss Account	1,402.25	615.37	199.90

**SCHEDULE 'O'****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31st March, 2009, 2008 and 2007.****A. PRINCIPLES OF CONSOLIDATION :**

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

- (i) The Financial Statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealized profits or losses as per Accounting Standard (AS-21) – Consolidated Financial Statements.
- (ii) Investments in associate companies have been accounted under the equity method as per Accounting Standard (AS-23) – Accounting for Investments in Associates in Consolidated Financial Statements.
- (iii) 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, unless joint control is not established, where they are accounted as per Accounting Standard (AS-13) – Accounting for Investments.
- (iv) The excess of the Company's portion of equity of the subsidiaries as at the date of its investment over the cost of its investment is treated as Capital Reserve. The excess of cost of investment over the Company's portion of equity as at the date of investment is treated as Goodwill and the same is written off in the year in which it arises. However, where goodwill arising on consolidation of entities acquired by the Group represent value of land / rights held by such entities, the same is considered as cost of construction and accordingly treated as part of cost of inventory of the group.
- (v) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as 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) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- (viii) (a) The Company has investments in Brain Point Infotech Limited and Akruti Center Infotech Limited where the shareholdings exceeded 50%. The same are in the nature of temporary investments and therefore not considered for consolidation.
(b) The Company has an investment in Gallant Infotech Private Limited where the shareholding exceeded 20%. The same is in the nature of temporary investment and is therefore not considered as an associate for the purpose of AS-23.
The cost of these shares is included in the cost of Commercial Premises under Fixed Assets since they carry the occupancy rights in those premises.

- B. Investments other than in Subsidiaries, Associates and Joint Ventures, have been accounted as per Accounting Standard (AS-13) on "Accounting for Investments".



- C. The list of subsidiary companies considered for consolidation, and the Company's holdings therein are as under:

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest		
		2009	2008	2007
Adhivitiya Properties Limited	India	100.0%	100.0%	100.00%
Agreem Properties Limited	India	53.16%	53.16%	53.16%
Akruti Warehousing Limited	India	100.00%	100.00%	-
Arnav Gruh Limited (Formerly Known as Arnav Properties Limited)	India	100.00%	100.00%	100.00%
Devkrupa Build Tech Limited (Formerly known as Simon Buildcon Private Limited, Devkrupa Consultancy Private Limited)	India	90.00%	90.00%	-
E Commerce Magnum Solution Limited (Formerly Known as E Commerce Solutions (India) Limited)	India	100.00%	100.00%	99.99%
Gujarat Akruti – TCG Biotech Limited	India	74.00%	74.00%	-
Infrastructure Ventures India Limited (Associate in 2008 – 09 (from 24.11.2008) and 2006-07	India	-	50.02%	-
New Empire Realtors Limited (Formerly known as New Empire Realtors Private Limited)	India	60.00%	60.00%	-
Sheshan Housing & Area Development Engineers Limited	India	100.00%	100.00%	100.00%
TDR Properties Limited	India	100.00%	100.00%	100.00%
Vaishnavi Builders & Developers Private Limited	India	86.00%	86.00%	86.00%
Vama Housing Limited (Formerly known as Akulpita Construction Limited)	India	100.00%	100.00%	100.00%
Vishal Nirman (India) Limited	India	51.02%	51.02%	51.02%
Vishal Techno Commerce Limited (Formerly known as Vishal Tech (Civil) Limited)	India	100.00%	100.00%	99.96%
Hiemo Builders and Developers Private Limited (#)	India	100.00%	100.00%	-
Khem Buildcon Private Limited (#)	India	100.00%	100.00%	-
Akruti Middle East (FZE)	UAE	100.00%	100.00%	-
Urvi Build Tech Limited (Formerly known as Nutritious Agro Foods Limited)	India	95.00%	-	-
Pushpak Healthcare Services Private Limited	India	80.00%	-	-

(#) Step down subsidiaries

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

Name	Country of Incorporation	Proportion of ownership interest		
<u>Associates:</u>		2009	2008	2007
DLF Akruti Info Parks (Pune) Limited	India	33.00%	33.00%	32.99%
Joyous Housing Limited (Formerly known as Mangal Shruti Gruh Nirmiti Limited)	India	25.00%	25.00%	25.00%



Chaitra Realty Limited	India	31.97%	31.90%	-
Akruti Security Plates Private Limited	India	36.24%	36.24%	-
Pristine Developers Private Limited	India	40.00%	40.00%	40.00%
Name	Country of Incorporation	Proportion of ownership interest		
Zeus Infrastructure Private Limited	India	33.33%	33.33%	-
Akruti City Bus Terminal (Vadodara) Limited. (Formerly a Private Limited Company)	India	20.00%	-	-
Akruti City Bus Terminal (Mehsana) Limited (Formerly a Private Limited Company)	India	20.00%	-	-
Infrastructure Ventures India Private Limited (Formerly Infrastructure Ventures India Limited) (Subsidiary upto 23.11.2008)	India	40.00%	-	33.33%
Multicity Bus Terminal (Surat) Limited (Formerly a Private Limited Company)	India	20.00%	-	-
Multicity Bus Terminal (Surat-Adajan) Limited (Formerly a Private Limited Company)	India	20.00%	-	-
Glamorous Properties Private Limited	India	25.00%	-	-
Muttha Realty Private Limited	India	-	33.33%	-
Broadway Integrated Park Private Limited	India	-	33.33%	-
<u>Partnerships / Joint Ventures :</u>				
Akruti Jay Chandan JV (Formerly known as Akruti Chandan JV)	India	50.00%	50.00%	50.00%
Akruti GM JV	India	77.00%	77.00%	50.00%
Hiranandani Akruti JV	India	50.00%	55.00%	55.00%
Niharika Shopping Mall JV	India	50.00%	50.00%	50.00%
Akruti SMC JV (#)	India	50.00%	50.00%	50.00%
Aarti Projects and Constructions	India	33.00%	33.00%	33.00%
Akruti Kailash Constructions	India	90.00%	50.00%	50.00%
Akruti Steelfab Corporation	India	55.00%	55.00%	55.00%
Akruti Jay Developers (Formerly Jairaj Developers – Unit 9)	India	66.66%	66.66%	66.66%
Gandhi Adhivitiya Combine (#)	India	45.00%	45.00%	60.00%
Akruti Forefront Joint Venture	India	75.00%	-	-
Akruti Realty Forefront Combine	India	90.00%	-	-
Shreenath Realtors	India	50.00%	-	-
Shree Swami Samarth Developers	India	50.00%	-	-
Akruti P. Kumar JV	India	-	50%	-
Mount Mary JV	India	-	-	50.00%
Pristine Developers	India	-	-	40.00%

(#) Interests through subsidiaries

The financial statements of the Associate companies and Joint Ventures used in consolidation have been drawn upto the same reporting date as that of the parent company.



1. SIGNIFICANT ACCOUNTING POLICIES

I. Basis of Preparation of Financial Statements

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

II. USE OF ESTIMATES

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

III. REVENUE RECOGNITION

A. Revenue from Construction Activity:

- i. Revenue from sale of finished properties / buildings is recognized on transfer of property and once significant risks and rewards of ownership have been transferred to the buyer. Similarly, revenue from sale of Transferable Development Rights (TDR) is recognized on transfer of the rights to the buyer. Revenue recognition is postponed where significant uncertainty exists.
- ii. Revenue from sale of incomplete properties is recognized on the basis of percentage of completion method, determined on the basis of physical proportion of the work completed, as certified by the Company's technical personnel, in relation to a contract or a group of contracts within a project, only after the work has progressed to the extent of 40% of the total work involved. Variations in estimates are updated periodically by technical certification. Further, revenue recognized in the aforesaid manner is 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 / Advances from Customers, respectively, after considering income recognized in the aforesaid manner. Recognition of revenue relating to agreements entered into with the buyers, which are subject to fulfillment of obligations / conditions imposed by statutory authorities, is postponed till such obligations are discharged.
- iii. Sale of interests in projects executed through associates, etc. are recognized on transfer of respective securities, net of carrying values of those securities.

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

Share of Profit / Loss from Partnership Firms / Joint Ventures is accounted in respect of the financial year of the firm / venture, ending on or before the balance sheet date, on the basis of their audited accounts, as the case may be.

C. Income from Leased Premises:

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

D. Others:

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

**IV. FIXED ASSETS AND DEPRECIATION / AMORTISATION**

- A.** Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation / amortisation. Attention is also invited to Accounting Policy No. (V) (B).
- B.** Depreciation is provided on the written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 or at rates determined as per the useful life, whichever is higher. Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such addition, or upto the date of such sale/disposal, as the case may be.
- C.** Cost of Leasehold Land is amortised on a straight line basis, over the primary lease period.

V. INVENTORIES

- A.** 'Incomplete Projects' are stated at Cost or Net Realizable Value, whichever is lower. 'Incomplete Projects' include cost of incomplete properties for which the Company has not entered into sale agreements, and in other cases where the revenue recognition is postponed. 'Incomplete Projects' also include initial project costs that relate directly to a (prospective) project, incurred for the purpose of securing the project. These costs are recognized as expenditure for the year in which they are incurred unless they are separately identifiable and it is probable that the respective project will be obtained.
- B.** Finished properties are stated at Cost or Net Realisable Value, whichever is lower. Finished properties given under operating lease are disclosed under the Fixed Assets Schedule as Leased Assets. The costs transferred to the Fixed Assets schedule are shown as deductions from the costs carried in opening inventory and construction costs incurred during the year. These assets (including Furniture and Fixtures in furnished properties and land acquired on lease) are depreciated / amortised as per the Accounting Policy given under Accounting Policy Nos. (IV) (B) and (IV) (C). Although the Company considers these assets as Inventories held for sale in the ordinary course of business, the disclosure under the Fixed Assets Schedule and provision for depreciation / amortisation is made to comply with the requirements of Accounting Standard (AS – 19) – Leases.
- C.** Floor Space Index (FSI) is stated at lower of Cost and the rate prescribed in the Stamp Duty Ready Reckoner issued by the State Government, for the year in which FSI is generated.
- D.** All other inventory (viz. Transferable Development Rights) is stated at Cost or Net Realisable Value, whichever is lower.

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

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

Costs incurred by the Company allocable / attributable for execution of development projects undertaken through its Associates, etc. are carried at Cost or Net Realisable Value, whichever is lower. Such costs incurred for execution of these projects, net of recoveries made there against, are carried as "Contractual interests in projects executed through Associates etc." under Current Assets. The manner of allocation of 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 recognized 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 recognized 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 recognized 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 recognize the obligation on net basis;
- C. Other long-term benefits** (leave entitlement) are recognized in a manner similar to defined benefit plans;
- D. Termination Benefits** are recognized 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 attributable to qualifying assets (including projects undertaken by the Company directly or through its Associates, 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. Front-end fees, processing fees and other 'one time' charges are amortised over the period of the related borrowing, but not exceeding a period of three years. Other borrowing costs are charged to the Profit and Loss Account.

X. SHARE ISSUE EXPENSES

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

XI. FOREIGN CURRENCY TRANSACTIONS

- A. All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates 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 (within India). Hence, disclosures under AS-17 are not applicable.

XIII. PREMISES TAKEN ON LEASE

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

XIV. TAXATION

Income tax expense comprises Current Tax, Fringe Benefit Tax (FBT) and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the



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

XV. IMPAIRMENT OF ASSETS

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

XVI. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

2. RELATED PARTY DISCLOSURES

A) Names of Related Parties and description of Relationships

I) Subsidiary Companies

a) For the year 2008-09

Akruti Center Infotech Limited
Brain Point Infotech Limited

b) For the year 2007-08

Akruti Center Infotech Limited (Formerly known as Akruti Center Point Infotech Limited)
Brain Point Infotech Limited

c) For the year 2006-07

Akruti Centre Point Infotech Limited
Brain Point Infotech Limited

II) Associate Companies

a) For the year 2008-09

Akruti City Bus Terminal (Mehsana) Limited (Formerly a Private Limited Company)
Akruti City Bus Terminal (Vadodara) Limited (Formerly a Private Limited Company)
Akruti Security Plates Private Limited
Chaitra Realty Limited
DLF Akruti Info Parks (Pune) Limited
Gallant Infotech Private Limited



Glamorous Properties Private Limited
Infrastructure Ventures India Private Limited (Formerly Infrastructure Ventures India Limited)
* (subsidiary upto 23.11.2008)
Joyous Housing Limited
Multicity Bus Terminal (Surat) Limited (Formerly a Private Limited Company)
Multicity Bus Terminal (Surat-Adajan) Limited (Formerly a Private Limited Company)
Pristine Developers Private Limited
Zeus Infrastructure Private Limited
* became an associate with effect from 24-11-2008.

b) For the year 2007-08

Akruti Security Plates Private Limited
Chaitra Realty Limited
DLF Akruti Info Parks (Pune) Limited
Gallant Infotech Private Limited
Joyous Housing Limited (Formerly Mangal Shruti Gruh Nirmiti Limited)
Pristine Developers Private Limited
Muttha Realty Private Limited
Zeus Infrastructure Private Limited

c) For the year 2006-07

Akruti Security Plates Private Limited
DLF Akruti Info Parks (Pune) Limited
Gallant Infotech Private Limited
Mangal Shruti Gruh Nirmiti Limited
Pristine Developers Private Limited
Infrastructure Ventures India Limited

III) Other Parties where relationship of control exists - Joint Ventures (JV) / Partnership Firms

a) For the year 2008-09

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



Shree Swami Samarth Developers

b) For the year 2007-08

Aaarti Projects and Constructions

Akruti Chandan JV

Akruti Kailash Constructions

Akruti Steelfab Corporation

Jairaj Developers – Unit 9

Gandhi Adhivitiya Combine

Hiranandani Akruti JV

Niharika Shopping Mall JV

c) For the year 2006-07

Aaarti Projects and Constructions

Akruti Chandan JV

Jairaj Developers – Unit 9

Akruti Kailash Constructions

Akruti Steelfab Corporation

Hiranandani Akruti JV

Niharika Shopping Mall JV

Akruti GM JV

Mount Mary JV

Pristine Developers

Gandhi Adhivitiya Combine

Akruti SMC JV

Suraksha Realtors

IV) Key Management Personnel, Relatives of Key Management Personnel and Enterprises where these individuals exercise significant influence (to the extent of transactions entered into).

(a) Key Management Personnel

i. For the year 2008-09

Mr. Hemant M. Shah (Executive Chairman, Wholetime Director)

Mr. Vyomesh M. Shah (Managing Director)

Mr. Madhukar B. Chobe (Wholetime Director)

ii. For the year 2007-08

Mr. Hemant M. Shah, Executive Chairman

Mr. Vyomesh M. Shah , Managing Director

Mr. Madhukar B. Chobe , Wholetime Director

Mr. Hemant Gulati

Mr. Ravindra Kamat

iii. For the year 2006-07



Mr. Hemant M. Shah (Chairman, Wholetime Director)

Mr. Vyomesh M. Shah (Managing Director)

Mr. Madhukar B. Chobe (Wholetime Director)

(b) Relatives of Key Management Personnel

i. For the year 2008-09

Mrs. Falguni V. Shah

Mr. Khilen V. Shah

Mrs. Kunjal H. Shah

Mr. Kushal H. Shah

Mrs. Lata M. Shah

Mr. Rushank V. Shah

ii. For the year 2007-08

Mrs. Falguni V. Shah

Mr. Khilen V. Shah

Mrs. Kunjal H. Shah

Master. Kushal H. Shah

Mrs. Lata M. Shah

Mr. Rushank V. Shah

iii. For the year 2006-07

Mrs. Falguni V. Shah

Mrs. Kunjal H. Shah

Mrs. Lata M. Shah

(c) Enterprises where Key Management Personnel or their relatives exercise significant influence

i. For the year 2008-09

Hemant M. Shah HUF

Mahipatray V. Shah (Estate)

Mahipatray V. Shah HUF

Vyomesh M. Shah HUF

Akruti Campus of Research and Education Private Limited

Akruti City Farming Private Limited

Akruti City Knowledge Private Limited

Akruti City Venture Capital Management Private Limited

Akruti Guestline Private Limited

Akruti SMC JV

Citygold Education Research Limited

Citygold Farming Private Limited

Citygold Investments Private Limited



Citygold Management Services Private Limited
Gandhi Adhivitiya Combine
Sanskriti Developers Private Limited

ii. For the year 2007-08

Akruti Campus of Research and Education Private Limited
Akruti City Farming Private Limited
Akruti City Knowledge Private Limited
Akruti City Venture Capital Management Private Limited
Akruti City Venture Capital Private Limited
Akruti Guestline Private Limited
Akruti SMC JV
Citygold Education Research Limited
Citygold Farming Private Limited
Citygold Investments Private Limited
Citygold Management Services Private Limited
Gandhi Adhivitiya Combine
Sanskriti Developers Private Limited
Suraksha Realtors
Roopkala Pictures Private Limited
Akruti SEZ(Pune) Private Limited
Akruti SEZ(Thane) Private Limited
Buildbyte.com(India) Private Limited
Ichha Construction Private Limited
Nutritious Agro Foods Limited
Mr. Hemant M. Shah- Karta , Hemant M Shah HUF
Mr. Vyomesh M. Shah - Karta , Vyomesh M. Shah HUF
Mr. Hemant M. Shah- Karta , Mahipatray V. Shah HUF

iii. For the year 2006-07

Akruti City Knowledge Private Limited
Akruti City Farming Private Limited
Akruti Guest line Private Limited
Citygold Education Research Limited
Citygold Farming Private Limited
Citygold Investment Private Limited
Citygold Management Services Private Limited
Akruti Niharika Buildings Limited
Akruti SEZ (Mumbai) Private Limited
Buildbyte.Com (India) Private Limited
Ichha Constructions Private Limited



Roopkala Pictures Private Limited
Akruti Foundation for Knowledge and Research
Rushank Constructions Private Limited
Hemant M Shah HUF
Vyomesh M. Shah HUF
Mahipatray V. Shah HUF

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

B) Transactions with Related Parties:

Rs. in million

Sr. No.	Nature of transaction	Year	Subsidiary Companies	Associate Companies	Other Parties where relationship of control exists - Joint Ventures / Partnership Firms	Key Management Personnel, Relatives and their Enterprises
i.	Loans and Advances	2008-09	-	1,587.68	142.68	2,034.53
	Received/ Recovered	2007-08	-	4,117.64	35.10	1,059.41
		2006-07	-	23.74	55.85	134.05
ii.	Loans and Advances Given/ Repaid /Adjusted	2008-09	-	2,233.56	222.80	1,310.92
		2007-08	-	3,055.74	164.27	1,119.70
		2006-07	-	94.83	58.55	129.31
iii.	Interest Received	2008-09	-	91.00	2.34	47.44
		2007-08	-	208.41	6.32	7.32
		2006-07	-	10.09	8.83	0.07
iv.	Interest Paid	2008-09	-	-	-	116.70
		2007-08	-	-	-	19.89
		2006-07	-	-	-	-
v.	Advance against share Application	2008-09	-	10.00	-	34.65
		2007-08	-	-	-	1,331.41
		2006-07	-	39.63	-	283.78
vi.	Advance against share Application Adjusted / refunded	2008-09	-	-	-	-
		2007-08	-	39.63	-	-
		2006-07	-	-	-	-
vii.	Services received/ availed	2008-09	21.03	-	-	38.51
		2007-08	18.55	1.00	-	28.05
		2006-07	8.81	1.40	-	22.43
viii.	Service Rendered	2008-09	-	34.66	2.04	-
		2007-08	-	-	-	-
		2006-07	-	-	-	-
ix.	Reimbursement Exp.	2008-09	-	-	0.78	4.84
		2007-08	-	-	-	-
		2006-07	-	-	-	-
x.	Rent received	2008-09	-	-	-	14.89
		2007-08	-	-	-	14.13
		2006-07	-	-	-	7.85
xi.	Rent paid	2008-09	-	-	-	0.60
		2007-08	-	-	-	0.60



	2006-07	-	-	-	0.84
xii. Directors' remuneration	2008-09	-	-	-	39.89
	2007-08	-	-	-	41.09
	2006-07	-	-	-	16.46
xiii. Purchase of TDR / Project / Material	2008-09	-	2.21	0.46	-
	2007-08	-	0.34	0.48	-
	2006-07	-	-	-	-
xiv. Sale of finished Properties / FSI / Material	2008-09	-	0.39	-	0.01
	2007-08	-	0.26	12.04	-
	2006-07	-	-	-	3.78
xv. Investments made	2008-09	-	150.87	473.81	-
	2007-08	-	890.93	430.82	-
	2006-07	-	-	698.03	1.20
xvi. Investments withdrawn at cost	2008-09	-	83.39	142.16	-
	2007-08	0.02	0.20	-	-
	2006-07	-	-	118.62	-
xvii. Share of Profit from Partnerships/Joint ventures	2008-09	-	-	0.02	-
	2007-08	-	-	55.87	-
	2006-07	-	-	8.92	-
xviii. Share of Loss from Partnerships/Joint ventures	2008-09	-	-	5.18	-
	2007-08	-	-	2.00	-
	2006-07	-	-	13.58	-
xix. Payments made on behalf of third parties	2008-09	-	-	-	-
	2007-08	-	-	-	0.23
	2006-07	-	-	-	1.08
xx. Collateral security given against loan availed by Company	2008-09	Amount not quantifiable	-	-	Amount not quantifiable
	2007-08	Amount not quantifiable	-	-	Amount not quantifiable
	2006-07	Amount not quantifiable	-	-	Amount not quantifiable
xxi. Deposit Received	2008-09	-	-	-	102.38
	2007-08	-	-	-	69.50
	2006-07	-	-	-	-
xxii. Deposit Paid	2008-09	-	-	-	0.70
	2007-08	-	-	-	12.00
	2006-07	-	-	-	-
xxiii. Supervision / maintenance charges received	2008-09	-	-	-	-
	2007-08	-	-	-	-
	2006-07	-	-	-	0.02
xxiv. Royalty received	2008-09	-	-	-	-
	2007-08	-	-	-	-
	2006-07	-	-	-	2.00
xxv. Directors' sitting fees	2008-09	-	-	-	-
	2007-08	-	-	-	-
	2006-07	-	-	-	0.10
xxvi Balances Outstanding					



Receivable	2008-09	-	1,839.86	327.72	1,008.49
	2007-08	-	1,042.74	160.80	1,412.31
	2006-07	0.03	164.24	60.42	290.06
Payable	2008-09	16.46	-	2.63	1,219.30
	2007-08	-	0.34	0.48	95.98
	2006-07	-	-	0.05	1.12

- 3 The details of investments made in capital of partnership firms and joint ventures for the years ending 31st March 2009, 2008 and 2007:

(A) **Partnership Firms**

I) M/s Akcruti Steelfab Corporation

Name of the Partners		Share of Partner		
		2009	2008	2007
A)	Ackruti City Limited (Formerly known as Akcruti City Limited, Akcruti Nirman Limited)	55.00%	55.00%	55.00%
B)	Steelfab Turnkey Projects Limited	45.00%	45.00%	45.00%
Total		100.00 %	100.00 %	100.00 %

II) M/s Akcruti Kailash Constructions

Name of the Partners		Share of Partner		
		2009	2008	2007
A)	Ackruti City Limited (Formerly known as Akcruti City Limited, Akcruti Nirman Limited)	90.00%	50.00%	50.00%
B)	Ketan D. Shah	10.00%	7.50%	7.50%
C)	Chirag A. Shah	-	12.50%	12.50%
D)	Deepak S. Shah	-	8.75%	8.75%
E)	Niranjana P. Shah	-	12.50%	12.50%
F)	Shanalal T. Shah (HUF)	-	8.75%	8.75%
Total		100.00 %	100.00 %	100.00 %

III) M/s Aarti Projects & Constructions

Name of the Partners		Share of Partner		
		2009	2008	2007
A)	Ackruti City Limited (Formerly known as Akcruti City Limited, Akcruti Nirman Limited)	33.00%	33.00%	33.00%
B)	Dilip Shingarpure	9.00%	9.00%	9.00%
C)	Surendra Sanas	33.00%	33.00%	17.00%
D)	Classic City Infopark Private Limited	25.00%	-	-
E)	Madhav Patankar	-	25.00%	25.00%
F)	Smt. Daksha P. Patel	-	-	16.00%
Total		100.00 %	100.00 %	100.00 %

IV) M/s Akcruti Jay Developers (Formerly known as Jairaj Developers – Unit 9)



	Name of the Partners	Share of Partner		
		2009	2008	2007
A)	Akruti City Limited (Formerly known as Akruti City Limited, Akruti Nirman Limited)	66.66%	66.66%	66.66%
B)	Jayant Hiralal Shah	15.00%	15.00%	15.00%
C)	Malav Jayant Shah	15.00%	15.00%	15.00%
D)	Jignesh Gunwant Gopani	3.34%	3.34%	3.34%
Total		100.00 %	100.00 %	100.00 %

V) M/s Shree Swami Samarth Developers

	Name of the Partners	Share of Partner		
		2009	2008	2007
A)	Akruti City Limited (Formerly known as Akruti City Limited, Akruti Nirman Limited)	50.00%	-	-
B)	Farooq Y. Patel	25.00%	-	-
C)	Shailesh R. Mahimtura	12.50%	-	-
D)	Hiten R. Mahimtura	12.50%	-	-
Total		100.00 %	-	-

VI) M/s Shree Nath Realtors

	Name of the Partner	Share of Partner		
		2009	2008	2007
A)	Akruti City Limited (Formerly known as Akruti City Limited, Akruti Nirman Limited)	50.00%	-	-
B)	Farooq Y. Patel	11.25%	-	-
C)	Sailesh R. Mahimtura HUF	8.125%	-	-
D)	Hiten R. Mahimtura HUF	8.125%	-	-
E)	Dolbi Incon Private Limited	22.50%	-	-
Total		100.00%	-	-

VII) M/s Gandhi Adhivitiya Combine :

	Name of the Partners	Share of Partner		
		2009	2008	2007
A)	Adhivitiya Properties Limited	45.00%	45.00%	16.00%
B)	Rajendra Gandhi	10.00%	10.00%	8.00%
	Name of the Partners	Share of Partner		
		2009	2008	2007
C)	Ajitkumar Gandhi	10.00%	10.00%	8.00%
D)	Kirankumar Gandhi	10.00%	10.00%	8.00%
E)	Kiritkumar Gandhi	10.00%	10.00%	8.00%
F)	Forefront Property Developers (P) Ltd	15.00%	10.00%	-
G)	Hemanti Dilip Parekh	-	5.00%	-
I)	Kusumben Gandhi	-	-	8.00%
Total		100.00%	100.00%	100.00%

**VIII) M/s Pristine Developers :**

	Name of the Joint Ventures	Share of Interest		
		2009	2008	2007
A)	Akruti Nirman Limited	-	-	40.00%
	Topmost Construction Private		-	10.00%
B)	Limited	-		
	Pristine Developers Private		-	25.00%
C)	Limited	-		
D)	Parekh M. Parekh	-	-	25.00%
	TOTAL	-	-	100.00%

IX) M/s Suraksha Realtors :

	Name of the Joint Ventures	Share of Interest		
		2009	2008	2007
A)	T.D.R. Propretés Limited	-	-	11.00%
B)	Vyomesh M.Shah	-	-	7.00%
C)	Hemant M.Shah	-	-	7.00%
	Karad Chemicals & Allied Product			37.50%
D)	Private Limited	-		
E)	Vijay Parekh	-	-	37.50%
	TOTAL	-	-	100.00%

(B) Interests of the Company in joint ventures are as under:

	Name of the Joint Ventures	Share of Interest		
		2009	2008	2007
I)	M/s. Hirandani Akruti JV	55 %	55 %	55 %
II)	M/s. Niharika Shopping Mall JV	50 %	50 %	50 %
III)	M/s. Akruti GM JV	50 %	50 %	50 %
IV)	M/s. Akruti Jay Chandan JV (Formerly known as M/s. Akruti Chandan JV)	50%	50 %	50 %
V)	M/s Akruti Realty Forefront Combine	90%	-	-
VI)	M/s Akruti forefront JV	75%	-	-
VII)	M/s. Akruti SMC JV	50%	50%	50%
VIII)	M/s. Akruti P. Kumar JV	-	64 %	-
IX)	M/s. Mount Mary JV	-	-	50%

4. Deferred Taxation for the years ending 31st March 2009, 2008 and 2007

Rs. in million

Deferred Tax Liability / (Asset) on account of :		2009	2008	2007
i.	Depreciation	(15.30)	7.11	2.13
ii.	Unabsorbed Business Loss & Depreciation	-	(0.76)	-
iii.	Expenses allowable / Income reversal for Tax Purpose in subsequent year(s)	(88.42)	(323.30)	(0.81)
Net Deferred Tax Liability/(Asset)		(103.72)	(316.95)	1.32
Deferred tax (charge) / credit for the year (including adjustments referred below)		(213.02)	314.51	5.12

Adjustments in respect of subsidiary acquired during 2007-08 and a subsidiary disposed off in 2008-09, Rs. 3.76 mn and Rs. 0.21 mn, respectively.

5. During the year, 2007-08, Company had entered into sale agreements for the joint development of two of its projects. However, during the year 2008-09, the other party decided to withdraw from these projects and entered into a Deed of Cancellation of the earlier sale agreements. As a result of the same, on execution of the said cancellation deeds, the revenues recognized during the year 2007-08, aggregating Rs. 1,057.50 mn, have been reversed and the costs attributable to these projects, prior to the aforesaid sale, have been recognized as inventory in the year 2007-08 itself.
6. The consolidated financial statements present the consolidated accounts of the company with its Subsidiaries, Joint Ventures and Associates, which incorporate Akruti Warehousing Limited (AWL) a subsidiary of the company that is yet to commence commercial operations. The operations of this subsidiary would fall within a segment separate from the existing one of builders and developers. However consolidated segment information would be given once AWL commences operations. Further the group operates within a single geographical segment (India).
7. 'Sundry Debtors' as at 31st March, 2009, include Rs.4,413.00 mn due from two parties who have, during the financial year 2008-09, requested the Company for extending the credit period originally granted in the respective sale agreements entered into during the said year. The request was made on account of the severe slow down and recessionary pressures faced by the real estate industry, which had led to a substantial fall in both, the demand and property rates during the said year. The management considers the debt to be good and fully recoverable since the parties have confirmed the conditions originally agreed to and the Company has, after 31st March, 2009, recovered Rs.1,060.13 mn.
- 8 (a) The Company carries out development activities on its own as also through various projects that are executed / undertaken through its Associates, etc. The development activities through Associates, etc. have increased substantially from the financial year ended 31st March, 2008, which would henceforth continue to grow. The company incurs substantial costs (including borrowing costs) for execution of such projects which are, on a reasonable basis, allocated to these projects on the same basis / principles as that of allocation of expenditure to its own development projects. The Company before 2007-2008, recognized such expenditure in the Profit and Loss Account in the year in which the expenses were incurred as the proportion of such projects was not significant. During the year 2007-08, based on a legal and accounting opinion, the Company had decided to carry forward such expenditure, to be recognized in the Profit and Loss Account in subsequent year(s), on the same basis / principles applicable to its own development projects. As a result of such change, the profit (before tax) for the year 2007-08 is higher by Rs.321.15 mn.



- 8 Upto 31st March, 2006, the Company recognised revenue from sale of incomplete properties as per the completed building project method. Pursuant to the guidance note on 'Recognition of Revenue by Real Estate Developers', issued by The Institute of Chartered Accountants of India' during the financial year 2006-07, revenue from sale of incomplete properties (subject to fulfilment of specified conditions), is recognised on the basis of the percentage of completion method, with effect from 1st April, 2006 (only after the work has progressed to the extent of 40% of the total work involved).

However, such change in the accounting policy did not result in any impact on the financial statements for the financial year ended 31st March, 2007, as no project, incomplete as at this date, had progressed to the extent of 40% of the total work involved for which revenue would have to be recognised as per the percentage of completion method.

9. Earnings per share

Particulars		2008-09	2007-08	2006-07
Net Profit as per Profit and Loss Account available for Equity Shareholders	(Rs. in million)	3,337.63	2,370.20	766.91
Weighted average number of equity shares outstanding during the year.	In Nos.	66,700,000	66,700,000	61,064,458
Earnings Per Share of Rs.10 each (Basic and Diluted)	In Rs.	50.04	35.54	12.56

10. Contingent Liabilities (not provided for):

Rs. in million

Sr. No.	Particulars	As at 31 st March, 2009	As at 31 st March, 2008	As at 31 st March, 2007
(A)	Claims against the Company, not acknowledged as debts on account of: -			
	1. Income Tax matters under appeal for Financial Year 1999-2000 (A.Y. 2000-2001)	-	68.16	-
	2. Income Tax matters under appeal for Financial Year 2000-2001 to 2006-2007	497.66	Amount not ascertainable	-
	3. Reassessment proceedings under the Income tax Act, 1961, to be commenced in pursuance of search and seizure operation conducted during the year	-	-	Amount not ascertainable
	4. Demand notice issued by Brihanmumbai Municipal Corporation for Land Under Construction charges (property tax).	41.20	32.89	30.41
	5. Petition filed against the Company, under the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971, in relation to a Project.	5.00	7.73	5.00



6.	Petition pending with the Honourable High Court of Bombay with regards to Mahalaxmi Car Project at Bhulabhai Desai Road, Mumbai.	2.45	1.85	-
(B)	On account of corporate guarantees issued by the Company to Bankers on behalf of other companies and joint ventures for facilities availed by them (amount outstanding thereagainst.)	621.18	636.99	79.59

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.

11. The figures disclosed in these financial statements are extracted from the audited statutory financial statements for the financial years ended March 31, 2007, 2008 and 2009 approved by the Board of Directors in their meeting held on 4th July, 2007, 2nd July, 2008 and 30th June, 2009 respectively, which however have been adjusted for taxes and other income / expenditure in respect of earlier years and subsequent events. Impact of the said adjustments are that, taxes in respect of earlier years have been given effect to in the respective year to which they relate and accordingly the increase/(decrease) in net profit after taxation is (Rs.5.29) Million, Rs.5.34 Million and Rs. 62.49 Million for the years ending 31st March, 2007, 2008 and 2009, respectively. Further, revenue recognized in the year 2007-08, and reversed in 2008-09 as detailed in Note No.5 above, has also been adjusted in the year 2007-08 itself and this has decreased the profit after taxation in the year 2007-08 by Rs.627.85 Million and consequently, increased profit after taxation in the year 2008-09 by Rs.627.85 Million. The above adjustment does not have any impact on the reserves and surplus position as at 31st March, 2009 compared to the audited statutory consolidated financial statements for the year then ended. Other items of income / expenditure are not significant.
12. Previous years figures have been regrouped / recast wherever necessary.

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