C M Y K

RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
100% Book Built Issue
Dated January 8, 2006

Akruti Nirman Ltd.
Life Time Value

AKRUTI NIRMAN LIMITED

(Originally incorporated as Akruti Nirman Private Limited under the Companies Act, 1956 on February 16, 1989. On April 11, 2002, the Company was converted into a public limited company and the name was changed to Akruti Niman Limited. For changes in the registered office, see the section titled "History and Certain Corporate Matters" on page 115 of this Red Herring Prospectus.)

Our registered office is presently located at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400 093, India.
Tel: + 91 22 6703 7427, +91 22 6703 7400, Fax: + 91 22 2821 8230
Contact Person: Mr. Chetan S. Mody; Tel:+ 91 22 6703 7427; +91 22 6703 7400; E-mail: ipo@akrutiestate.com, Website: www.akrutiestate.com

PUBLIC ISSUE OF 6,700,000 EQUITY SHARES OF Rs. 10 EACH OF AKRUTI NIRMAN LIMITED ("ANL", "COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING RS. [●] MILLION (THE "ISSUE"). THE ISSUE SHALL CONSTITUTE 10.04% OF THE POST-ISSUE CAPITAL OF OUR COMPANY

PRICE BAND: Rs. 475 TO Rs. 540 PER EQUITY SHARE OF FACE VALUE Rs. 10.

THE FACE VALUE OF EQUITY SHARES IS RS. 10 AND THE FLOOR PRICE IS 47.5 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 54 TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers ("BRLMs") and at the terminals of the Syndicate.

In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to all the QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We have not opted for grading of the Issue.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares, there has been no formal market for the Equity Shares. The face value of the Equity Shares is Rs. 10 and the Floor Price is 47.5 times of the face value and the Cap Price is 54 times of the face value. The Issue Price (as determined by the Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page XII.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the NSE and the BSE. We have received in-principle approval from the NSE and the BSE for the listing of our Equity Shares pursuant to letters dated October 19, 2006 and November 17, 2006 respectively. BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
JPMorgan **J.P. Morgan India Private Limited** Mafatlal Centre, 9th Floor, Nariman Point Mumbai 400 021, India Tel: + 91 22 2285 5666 Fax: + 91 22 6639 3091 Email: akruti_ipo@jpmorgan.com Website: www.jpmipl.com Contact Person: Naheed Ghazi	ENAM **Enam Financial Consultants Private Limited** 801, Dalamal Tower, Nariman Point Mumbai 400 021, India Tel: + 91 22 6638 1800 Fax: + 91 22 2284 6824 Email: akrutiipo@enam.com Website: www.enam.com Contact Person: Sachin K. Chandiwal	INTIME SPECTRUM REGISTRY LIMITED Crisp. Clear. Connected **INTIME SPECTRUM REGISTRY LIMITED** C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400 078, India Tel: +91 22 2596 0320 (9 lines) Fax : +91 22 2596 0329 Email : anl-ipo@intimespectrum.com Website: www.intimespectrum.com Contact Person : Vishwas Attavar

ISSUE PROGRAMME

BID / ISSUE OPENS ON : JANUARY 15, 2007	BID / ISSUE CLOSES ON : JANUARY 19, 2007

C M Y K

TABLE OF CONTENTS

DEFINITIONS AND ABBREVIATIONS

Company related terms

"Akruti Nirman Limited" or "ANL" or "the Company" or "our Company"	Unless the context otherwise requires, refers to Akruti Nirman Limited, a public limited company incorporated under the Companies Act and having its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400 093, India.
Articles/Articles of Association	The articles of association of our Company.
Auditors	M/s Dalal & Shah and M/s Viral D. Doshi & Co., our joint statutory auditors.
Board of Directors/Board	The board of directors of our Company or a committee constituted thereof.
Director(s)	Director(s) on the Board of our Company, unless otherwise specified.
Memorandum / Memorandum of Association	The memorandum of association of our Company.
Registered Office	The registered office of our Company located at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400093, Maharashtra, India.
"we or "us" or "our"	Unless the context otherwise requires, the Company and its Subsidiaries, on a consolidated basis, as described in this Red Herring Prospectus.
Subsidiaries	Subsidiaries of our Company which are: 1. Adhivitiya Properties Limited; 2. Agreem Properties Limited; 3. Arnav Properties Private Limited; 4. Akulpita Construction Private Limited; 5. Akruti Centre Point Infotech Private Limited; 6. Sheshan Housing & Area Development Engineers Private Limited; 7. T.D.R. Properties Private Limited; 8. Vishal Nirman India Private Limited; 9. Vishal Tekniks (Civil) Private Limited; 10. Brainpoint Infotech Private Limited; 11. E-Commerce Solutions (India) Private Limited; and 12. Vaishnavi Builders & Developers Private Limited.

Issue Related Terms

Term	Description
Allotment/ Allot	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Allottee	The successful Bidder to whom Equity Shares are Allotted.
Banker(s) to the Issue/ Escrow Collection Banks	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Accounts will be opened, in this case being Deutsche Bank AG, HDFC Bank Limited, The Hong Kong and Shanghai Banking Corporation Limited and Standard Chartered Bank
Bid	An indication to make an offer during the Bidding Issue Period by a Bidder to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid cum Application Form	The form in terms of which the Bidder shall make an indication to make an offer to subscribe to the Equity Shares and which will be considered as the application for the issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form.
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Bid/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation.
Bid/Issue Closing Date	The date after which the Syndicate shall not accept any Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation.
Book Building Process	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made.
BRLMs/ Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being J.P. Morgan India Private Limited and Enam Financial Consultants Private Limited.
CAN/Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off Price	Any price within the Price Band finalised by the Company in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account, which in no event shall be earlier

Term	Description
	than the date on which the Prospectus is filed with the RoC following which the Board shall Allot Equity Shares to successful Bidders.
Designated Stock Exchange	BSE, for the purpose of this Issue.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated September 29, 2006 issued in accordance with Section 60B of the Companies Act and SEBI Guidelines, which does not have, inter alia, the particulars of the Issue Price and the size of the Issue. Upon filing with RoC at least three days before the Bid/Issue Opening Date, it will become the Red Herring Prospectus. It will become a Prospectus upon filing with RoC after determination of the Issue Price.
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue.
Equity Shares	Equity shares of the Company of face value of Rs. 10 each.
Escrow Account(s)	Accounts opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar, the Escrow Collection Bank(s), the BRLMs and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders on the terms and conditions thereof.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Issue	Issue of 6,700,000 Equity Shares at the Issue Price.
Issue Price	The final price at which Equity Shares will be Allotted in the Issue, as determined by the Company in consultation with the BRLMs, on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion or 201,000 Equity Shares (assuming the QIB Portion is 60% of the Issue size) available for allocation to Mutual Funds only, out of the QIB Portion.
Non-Institutional Bidders	Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have Bid for an amount more than Rs. 100,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of the Issue being not less than 670,000 Equity Shares available for allocation to Non-Institutional Bidders.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.

Term	Description
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band with a minimum price (Floor Price) of Rs. 475 per Equity Share and a maximum price (Cap Price) of Rs. 540 per Equity Share.
Pricing Date	The date on which our Company in consultation with the BRLMs will finalize the Issue Price.
Promoters	The individuals who are our promoters are: (i) Mr. Hemant M. Shah; and (ii) Mr. Vyomesh M. Shah.
Promoter Group	Individuals, companies and entities enumerated in the section titled "Our Promoters and Promoter Group" on page 141 of this Red Herring Prospectus.
Prospectus	The prospectus, to be filed with the RoC after pricing containing, among other things, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	The portion of the Issue being at least 4,020,000 Equity Shares to be mandatorily allotted to QIBs.
Refund Account(s)	Account(s) opened with an Escrow Collection Bank(s), from which refunds of the whole or part of the Bid Amount, if any, shall be made.
Registrar/ Registrar to the Issue	Intime Spectrum Registry Limited.
Retail Individual Bidders	Individual Bidders (including HUFs applying through their *karta* and Eligible NRIs) who have bid for Equity Shares for an amount less than or equal to Rs. 100,000.
Retail Portion	The portion of the Issue being not less than 2,010,000 Equity Shares available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in their Bid cum Application Forms or any previous Revision Form(s).

Term	Description
RHP or Red Herring Prospectus	This Red Herring Prospectus dated January 8, 2007 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will become a Prospectus after filing with the RoC after determination of the Issue Price.
Stock Exchanges	NSE and BSE.
Syndicate or members of the Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement dated [•] to be entered into among the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	J.P. Morgan India Private Limited and Enam Securities Private Limited.
TRS/ Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to a Bidder as proof of registration of the Bid.
Underwriters	BRLMs and Syndicate Members
Underwriting Agreement	The agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.

General Terms

Term	Description
Companies Act	The Companies Act, 1956 as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Indian GAAP	Generally accepted accounting principles in India.
IT Act	The Income Tax Act, 1961, as amended from time to time.
Non Residents/NR	All eligible Bidders, including NRIs, FIIS registered with SEBI and FVCIs registered with SEBI, who are not persons resident in India.
NRI/ Non Resident Indian	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
OCB/ 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 as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not permitted to invest in this Issue.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.

Term	Description
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI, as amended, including instructions and clarifications issued by SEBI from time to time.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
U.S. GAAP	Generally accepted accounting principles in the United States of America.

Abbreviation	Full Form
AGM	Annual General Meeting.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited, earlier known as The Stock Exchange, Mumbai.
BMC/MCGM	Brihanmumbai Municipal Corporation.
CDSL	Central Depository Services (India) Limited.
CAGR	Compounded Annual Growth Rate.
DCR	Development Control Regulations for Greater Bombay, 1991.
DIPP	Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.
ECS	Electronic Clearance Service.
EGM	Extraordinary General Meeting.
ENAM	Enam Financial Consultants Private Limited.
EPS	Earnings per share.
EPZ	Export Processing Zone.
FDI	Foreign direct investment.
FSI	Floor Space Index.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India.
FVCI	Foreign Venture Capital Investor.
FY/Fiscal/Financial year/Fiscal year	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
GoI	Government of India.
GOM	Government of Maharashtra.
HUF	Hindu Undivided Family.
IT	Information Technology.
ITES	Information Technology Enabled Services.
JP Morgan / JPM	J.P. Morgan India Private Limited.

Abbreviation	Full Form
MCGM/BMC	Municipal Corporation of Greater Mumbai.
MHADA	Maharashtra Housing Areas Development Authority.
MIDC	Maharashtra Industrial Development Corporation.
MMRDA	Maharashtra Metropolitan Region Development Authority.
NAV	Net Asset Value.
N/G	Through natural guardian.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
p.a.	per annum.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
PLR	Prime Lending Rate.
RBI	The Reserve Bank of India.
RoC	The Registrar of Companies, State of Maharashtra situated at Everest , 100 Marine Drive, Mumbai – 400 002, Maharashtra, India.
RoNW	Return on Net Worth.
Rs.	Rupees.
SCRA	Securities Contracts (Regulations) Act, 1956.
SCRR	Securities Contracts (Regulations) Rules, 1957.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEZ	Special Economic Zone.
SPA	Special Planning Authority.
SRA	Slum Rehabilitation Authority.
SRC	Slum Rehabilitation Committee.
TDR	Transferable Development Rights.

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL AND MARKET DATA

Land Data

In this Red Herring Prospectus, references to "land over which we have development rights" include interests in lands acquired by our Company and our subsidiaries from third parties, our proportionate interest in lands in respect of which we have joint development agreements as well as lands in respect of which development rights have been granted to us by the SRA, the MIDC and other governmental authorities.

Currency of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$" or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America.

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our consolidated restated financial statements prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines, which are included in this Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of the next year, thus all references herein to a particular fiscal year are to the twelve-month period ended on March 31 of that year.

Financial Data

Our financial statements, included herein, have been prepared in accordance with Indian GAAP and the SEBI Guidelines. There are significant differences between Indian GAAP and US GAAP. We have not attempted to reconcile those 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 our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. For a discussion of the principal differences between Indian GAAP and US GAAP, see the section titled "Summary of Significant Differences Between Indian GAAP and US GAAP" on page 266 of the Red Herring Prospectus.

In this Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding.

Market Data

Market and industry data used in this Red Herring Prospectus has generally been obtained or derived from industry and government publications and sources such as CRIS -INFAC. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been verified. The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the real estate industry in India and methodologies and assumptions may vary widely among different industry sources.

Exchange Rate Information

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged at the noon buying rate in the City of New York on the last business day of the applicable period for cable transfers in Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The row titled "Average" in the table below is the average of the daily noon buying rate for each day in the period.

	Eight months ended November 30, 2006	Fiscal 2006	Fiscal 2005	Fiscal 2004
Period End	Rs.44.76	Rs.44.48	Rs.43.40	Rs.47.45
Average	Rs.45.75	Rs.44.17	Rs.44.86	Rs.45.96
Low	Rs.44.45	Rs.43.05	Rs.43.27	Rs.43.40
High	Rs.46.95	Rs.46.26	Rs.46.45	Rs.47.46

On December 29, 2006, the noon buying rate was Rs 44.23 to one U.S. Dollar.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

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 market in Mumbai;
- changes in the Slum Rehabilitation Scheme currently in effect in Mumbai;
- 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 or Promoter Group 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.

For further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages XII and 274, respectively, of this Red Herring Prospectus. Neither our Company nor any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements contained herein to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

An investment in our Equity Shares involves risk. You should carefully consider all the information in this Red Herring Prospectus, including but not limited to the risks and uncertainties described below, before making an investment in our Equity Shares. These risks could adversely impact our business, prospects, financial condition or results of operations, could cause the value of our real estate developments or the trading price of our Equity Shares to decline, and may result in your losing all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We are dependent on the performance of, and prevailing conditions affecting, the real estate market in Mumbai

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

The real estate market in Mumbai 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 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, financial condition and results of operations. In the event that a decline or downturn were to occur in property prices in Mumbai, our business, financial condition and results of operations could be materially and adversely affected.

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

Of the nearly 5.0 million square feet of building area that we have developed to date in India, approximately 4.8 million square feet, or 97%, 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 9,400 units in 157 apartment buildings in Mumbai to house slum dwellers.

Our slum rehabilitation projects are developed pursuant to the Slum Rehabilitation Scheme (the "Slum Rehabilitation Scheme") contained in the Development Control Regulations for Greater Bombay, 1991 (the "DCR") promulgated by the Municipal Corporation of Greater Mumbai in exercise of its powers under the Maharashtra Regional and Town Planning Act, 1966 (the "Town Planning Act"). As compensation for the construction of this housing, we have received development rights from the Government of Maharashtra ("GOM") over urban land in the cleared former slums, or transferable development rights ("TDRs") for the construction of buildings elsewhere in Mumbai which we may use in connection with our other projects or may sell to third parties. We currently have approximately 9,200 additional apartments for slum dwellers under construction and almost a further 8,100 in the planning stage, pursuant to slum rehabilitation schemes in effect in Mumbai.

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 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 lots to specified amounts, calculated as a ratio to the land superfice of each lot. In place of development rights over cleared former slum land, we also sometimes receive TDRs as compensation for our developing 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. We periodically derive revenue from the sale of TDRs to third parties. In the year ended March 31, 2006, our revenue from the sale of TDRs was Rs. 354.57 million, or 17.44% of our total sales and operating income. In that year, we also recognized Rs. 280.68 million as our share of profits generated by one of our joint ventures from TDR sales. We have not generated or recognized any income from TDR sales in the eight month period ended November 30, 2006. We have signed a memorandum of understanding to acquire TDRs from a third party for an aggregate cash price of Rs.1,134 million. This transaction is dependent on the third party being granted TDRs by the GOM. The GOM rejected the TDR application in 2001, and the issue has been under appeal since 2003; therefore, there is uncertainty as to whether the TDRs will be granted by the GOM. For further details, see "History and Certain Corporate Matters" on page 115 of this Red Herring Prospectus. If the TDRs are granted to the third party by the GOM and we acquire the TDRs, we may choose to sell the TDRs in the market if market conditions for such sales are favourable. 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 lots, the TDRs we hold may become less valuable or valueless, and we may not derive significant or any revenue from their sale in the future, adversely affecting our financial condition and results of operations.

Our title and development rights over land may be subject to various legal defects

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, 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.

Legal disputes arising in respect of land title can take several years and considerable expense to resolve if they become the subject of court 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.

We 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 are not 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.

In this regard, prospective investors should note that in connection with the Issue, the Domestic Legal Counsel to the Issuer or the Underwriters have not provided any opinions or other assurances in respect of land title.

We are not able to obtain title insurance guaranteeing title or land development rights

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.

The statements contained herein with regard to projects planned and under development and the area and make-up of our developable land are based on management estimates, and other statistical and financial data contained herein may be incomplete or unreliable

The acreage and square footage data presented herein with regards to projects planned and under development and the area and make-up of our developable land are based on management estimates. The acreage and square footage that we may in the future develop with regards to a particular project may differ from the amounts presented herein based on various factors such as market conditions, title defects and any inability to obtain required regulatory approvals. Moreover, various title defects may prevent us from having valid rights enforceable against all third parties to lands over which we believe we hold interests or development rights, rendering our management's estimates of the area and make-up of our developable land subject to uncertainty.

We also have not independently verified data from government and industry publications and other sources contained herein and therefore cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or our industry herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable.

The development rights in respect of certain of our projects are subject to certain conditions and in the event any of these conditions are not satisfied, this land would not be available for development by us

The total area of 1,654,000 square feet in respect of which we have made partial payment includes the Manavs project, where we have development rights over an estimated 234,117 square feet of land and the H Mill project, where we have development rights over an estimated 213,763 square feet of land.

The Manavs land is subject to certain claims to the title of the seller to the whole or part of the plot of land, encroachments, and a claim by another developer to development rights over the same plot of land. In respect of the H Mill project, we will acquire the development rights only after acquiring the company which owns the relevant plot. The acquisition of the company itself is subject to the fulfillment of certain conditions, including the purchase of debentures issued by such company and its associates, the passing of a resolution of the debenture holders vacating their charge on the plot of land, the payment of statutory and other dues of the company and its associates and the transfer of the shares of the existing shareholders of the company to us.

In the event that we are unable to successfully, or in a timely manner, contest the claims of the other claimants to the development rights in respect of the Manavs land, or any of the steps mentioned above in respect of the H Mill land are not completed in a timely manner, or at all, we will be unable to develop these plots of land.

Further, public interest litigation has been filed against our Company challenging actions of the MCGM in sanctioning of plans and permitting construction of one of our projects, Akruti Elite Plaza. It is alleged that the relevant plot falls within the zone covered by coastal area regulations and that our Company has violated Regulation 52 of the Development Control Regulations and applicable coastal regulatory zone (“CRZ”) notifications. In the event that the litigation is decided against us, or if either an interim or a permanent stay order is issued against us, we may not be able develop the project within the time estimated.

With effect from April 1, 2006 we have changed our revenue recognition policy in respect of buildings intended for sale. As a consequence, our financial statements relating to periods from and after April 1, 2006 will not be comparable to our financial statements prior to that date.

Until March 31, 2006 we followed the completed building project method of revenue recognition. Income was recognized in respect of buildings intended for sale when construction was completed and an occupation certificate for the building was issued by the relevant governmental authority. From April 1, 2006, in response to the Guidance Note on Recognition of Revenue by Real Estate Developers issued recently by The Council of The Institute of Chartered Accountants of India, we have adopted the percentage of completion method of revenue recognition. This method is applicable to properties intended for sale which are under construction as of the reporting date, and depends on, among other things, the rate of progress of construction of our projects. We have not given retrospective effect to this change in accounting policy, because such retrospective effect would have required us to identify all incomplete contracts that fulfilled the conditions specified in the guidance note on each of the reporting dates and to determine the stage of completion for all such contracts on each such reporting date. Since during those periods we followed the completed building project method of revenue recognition, the records required for such an exercise are unavailable and an attempt to recast the prior period financial statements would have been highly subjective and difficult to substantiate. As a result, we have not restated any period prior to April 1, 2006 to reflect the change in our revenue recognition policy. Therefore, our financial statements for the eight month period ended November 30, 2006 are not, and our financial statements for future periods will not be, comparable to the financial statements for the five years ended March 31, 2006 presented in this Red Herring Prospectus. For the eight month period ended November 30, 2006, for which we have presented in this Red Herring Prospectus financial statements based on the percentage of completion method, we have also presented for the sake of comparability financial information based on the completed building project method. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 274 of this Red Herring Prospectus.

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, including in connection with the MOU described under the risk factor titled “Our revenues could be adversely affected by changes in the TDR regime in Mumbai”. 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 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 and Pune 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 Jaipur, Delhi, Chennai, Ahmedabad, Hyderabad and Baroda. We have limited experience in conducting business outside Mumbai, have not previously completed any real estate development projects outside of the Mumbai area, 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, and customer tastes, behavior and preferences in these cities where we plan to expand our operations may differ 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.

If we are unable to manage our growth strategy effectively, our business and financial results may be adversely affected

Our business strategy includes the development of commercial, residential and retail real estate developments in Mumbai and in select new geographic markets across India; pursuant to this strategy, we currently have various real estate projects under development, including our first six retail developments. Our business strategy also includes our undertaking projects in additional business lines of real estate development, such as Bio-IT Parks, new townships and serviced apartments and hotels. As we grow and diversify, we may not be able to execute our projects efficiently on such increased scale, which could result in delays, increased costs and diminished quality, each adversely affecting our reputation. This future growth may strain our managerial, operational, financial and other resources. If we are unable to manage our growth strategy effectively, our business, financial condition and results of operations may be adversely affected.

As the development of each real estate project presents unique challenges and risks to implementation, we cannot provide you any assurance that by operating nationally, and by undertaking more diverse projects, our future real estate developments will not encounter delays or be successful. We similarly cannot assure you that we will be able, in carrying out our growth strategy, to complete our current and future development projects successfully or on time, acquire additional suitable land for development, or develop new projects on such land in the future.

We undertake many of our projects in cooperation with joint venture partners, who may not perform their obligations satisfactorily and whose interests may differ from ours

Our approach to the development of our real estate projects is project-specific. We undertake certain projects independently, and others in cooperation with other real estate development companies. For example, one of our subsidiaries is currently participating in a joint venture to redevelop former mill lands in the Prabhadevi (Dadar) area of Mumbai, which is expected to yield a saleable or leasable area of 739,191 square feet, while our joint venture with DLF Limited (earlier known as DLF Universal Limited) for the construction of the DLF Akruti Info Park in Pune is expected to yield a saleable or leasable area of 5,000,000 square feet. Where we collaborate as joint venture partner with other real estate development companies to develop a project, the success of our business collaboration depends significantly on the satisfactory performance by our joint venture partners of their contractual and other obligations. As we do not control our joint venture partners, and in some cases hold only a small minority stake in the relevant project, we face the risk that they may not perform their obligations, without us being able to intervene and procure adequate performance from them. If a joint venture partner fails to perform its obligations satisfactorily, the joint venture may be unable to perform adequately or successfully complete the intended project on the intended timetable, at the intended cost, or at all. In such circumstance, we may be required to make additional investments in the joint venture or become liable for its obligations, which could result in reduced profits or in some cases, significant losses. For example, the inability of a joint venture partner to continue with a project due to financial or legal difficulties could mean that we would bear increased, or possibly sole, responsibility for the relevant projects.

Our joint ventures may face difficulties in their operations due to a variety of circumstances, which could have a material adverse effect on our business, financial condition and results of operations. For example, we and our joint venture partners may hold different views about various aspects of a project, particularly in situations such as the H Mill project, where the joint venture arrangements have not been memorialised in legally binding written agreements. If the interests of our joint venture partners conflict with our interests, our business may be adversely affected. Arrangements governing our joint ventures may permit us only partial control over the operations of the joint ventures under certain circumstances. If we are a minority participant in a joint venture, there may exist inherent potential conflicts of interests with our majority joint venture partner, who may make significant decisions without our consent that affect our interests, such as delaying project execution timetables. Where we hold a majority interest in a joint venture, it may be necessary for us to obtain consent from a joint venture partner before we can cause the joint venture to make or implement a particular business development decision or to distribute profits to us. These and other factors may cause our joint venture partners to act in a way contrary to our interests, or otherwise be unwilling to fulfil their obligations under our joint venture arrangements.

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.

We may not be able to successfully acquire ownership of or development rights over additional properties outside Mumbai suitable for development

To maintain or grow our business in the future we will be required to replenish our lands available for development with suitable sites for our future real estate projects. Thus, we constantly seek to identify and acquire ownership or development rights over land to support and sustain our business. Our growth plans on a national level will require us to identify developable land outside Mumbai in various other Indian markets. The states of Rajasthan and Karnataka have recently commenced schemes (similar to Mumbai's Slum Rehabilitation Scheme model) in relation to areas, known as "economic weaker sections". As a result, in order to maintain and grow our business nationally, we will be required to supplement the land over which we hold development rights with additional suitable sites for development on a national basis, largely acquired through purchase. If we are unable to replenish our stock of land over which we hold development rights, this could have a material adverse effect on our business, financial condition and results of operations.

We intend to use a portion of the net proceeds from this Issue to acquire ownership or development rights over suitable sites for future development. However, we have not identified all the lands that we may potentially acquire ownership or development rights over utilising a portion of the net proceeds of this issuance and suitable sites for future development may not always be available. Our ability to identify and acquire ownership or development rights over suitable sites is dependent on a number of factors that may be beyond our control. These factors include the availability of suitable land, the willingness of landowners to sell or grant development rights over land on attractive terms, the availability and cost of any required financing, encumbrances on the land, government directives on land use, and the obtaining of permits and approvals for land development. We compete with other real estate development firms in the acquisition and ownership of land or development rights over land for future development. If we are unable to successfully identify and acquire suitable properties for development outside Mumbai, we may be required to modify, delay or abandon elements of our national business expansion, which in turn could cause our business to suffer.

It is our normal practice to evidence our preliminary agreements to acquire interest in land in the form of an MOU. Since conveyance of the land does not occur upon signing of the MOU, formal transfer of title to or interest in land by the seller (at which time stamp duty becomes payable) is completed after all requisite governmental consents and approvals have been obtained. As a result, our activities pertaining to acquisition of interests in land are subject to the risk that sellers may during such time identify and transact with alternative purchasers.

We may not be able to successfully develop and market developments in our proposed new lines of business

Our business strategy includes our undertaking projects in new business lines of real estate development which are new to us, such as the development of Bio-IT Parks, shopping malls, new townships, serviced apartments and hotels. Our ability to successfully develop and market developments in these new lines of business has not yet been proven. In developing such new lines of business we face certain risks, including identifying and acquiring interests in appropriately located land, appealing to the tastes of new customers, responding to changing trends in the real estate market in India, and marketing our developed real estate concepts to our customers in competition with more experienced developers. If we fail to successfully develop and market projects in our proposed new lines of business, we may not be able to fully utilise all of our land and development rights over such land.

The proceeds from our future property sales could be materially lower than the indicative present valuations of our properties identified by our Valuers

We recently retained Knight Frank, CB Richard Ellis and Trammell Crow Meghraj, international property consultants (our "Valuers"), to perform a property valuation in respect of 35 projects out of which 32 are projects under development/ planned projects and three are completed commercial projects from which we derive lease/ rental revenues. .

For a summary of these property valuations please refer to the section titled “Our Business” on page 62, as well as Annexures A, B and C of this Red Herring Prospectus. Our management believes that it will take us approximately three to five years to complete our ongoing and currently planned projects and develop the remaining land.

The valuation of these properties is subject to the limitations and assumptions described in the Valuer's valuation letters reproduced as Annexures A, B and C. In particular, the valuations assume a freehold interest in lands with clear, marketable title that is free of encumbrances. Notwithstanding this assumption, the lands we are developing may be subject to encumbrances or may not be owned by us as freehold lands. For example, 97% of the land we have developed to date has been developed through our participation in slum rehabilitation projects. Pursuant to the Slum Rehabilitation Scheme currently in effect, the relevant land-owning governmental authority whose slum lands we have redeveloped grants a long-term lease to a society or association of purchasers, for an initial term of 30 years, extendable for one further lease term of 30 years. As a result, we do not own such lands. To the extent the assumptions made by our Valuers are incorrect or counterfactual, or if any other risks or contingencies described herein or not adequately foreseen in their assumptions actually occurs, the proceeds that we realise from these properties could be materially lower than the valuation. If we are unable to obtain good title to those lands, the valuation would have to be appropriately reduced. Certain of our Valuers have provided other services to, and derived revenue from, our company, in the ordinary course of business, which may affect the independence of such valuation. For details of other services provided by the valuers to us in the ordinary course of their business, please refer to the section titled “Our Business” on page 62 of this Red Herring Prospectus.

In respect of certain of our projects, a number of steps still need to be taken in order to finalise the relevant documentation and the right to develop remains subject to a number of conditions, the satisfaction of which may be outside our control. In addition, some projects require us to acquire TDRs which we do not yet own, in order to develop fully the relevant project to the extent assumed in the valuation reports. If we are unable to acquire such TDRs or we are unable to acquire them at the expected price, then this may impact our ability to complete certain projects due to us having insufficient FSI. As a result, we may have to purchase such further TDRs as we require in the open market at a higher cost than would be the case if, for example, we had generated such TDRs by rehabilitation of former slum lands.

Our business may be adversely affected by uninsured losses or losses exceeding our insurance limits

We may suffer uninsured losses from time to time. If we suffer any losses, damages and liabilities in the course of our operations and real estate development, we may not have sufficient insurance or funds to cover any such losses, damages or liabilities or to replace any real estate development that has been destroyed. In addition, any payment we make to cover any uninsured losses, damages or liabilities could have a material adverse effect on our business, financial condition and results of operations.

We face the risk of losses in our operations arising from a variety of sources, including, among others, risks related to catastrophic events, terrorist risk, intentional vandalism, and theft of construction supplies. We insure against certain of these risks up to fixed amounts. We maintain contractor risk, fire and special risk insurance coverage with leading Indian insurers. Our insurance includes coverage for fire, earthquake, flood, work in progress, raw materials, accident and general insurance. We lost three days of building time in late July 2005 in the aftermath of the heavy floods in Mumbai on July 26, 2005.

We maintain directors' and officers' liability insurance in respect of our directors and officers. We require that our construction contractors take out and maintain in effect workmen's compensation and general liability insurance and we do not maintain any insurance policies of our own in this regard. We do not carry coverage for contractor's liability, timely project completion, loss of rent or profit, construction defects or consequential damages for a tenant's lost profits. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, would not be covered by such insurance policies and we would bear the impact of such losses. Furthermore, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully or on time.

Accidents occurring at any of our project sites could potentially result in claims being brought against us for damages, as a consequence of which we could suffer property damage, legal liability for accident claims, negative publicity, and the diversion of management attention and resources to defend against such claims. Such events, if material, could have an adverse effect on our business.

Significant increases in prices of, or shortages of, key building materials could harm our results of operations and financial condition

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. During periods of shortages in building materials, such as concrete and steel, 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 harm our results of operations and financial condition. In addition, during periods of significant increases in the price of 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. Cement prices in particular are susceptible to rapid increases.

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 have not registered the tradename "Akruti", and we can provide no assurance that our registered trademark and trade name "Akruti Nirman Limited" will not be infringed by third parties

We have registered our trademark and logo “Akruti Nirman Limited” with the trademarks registry at Mumbai under Class 37 in respect of construction, builders, developers, etc. We have also applied to register the tradename “Akruti”, which tradename we use in relation to most of our projects, including our joint venture projects in which we do not have a controlling interest. We have been advised that it may take upto three years to complete all the regulatory formalities to register this trademark. If we fail to obtain the licence with respect to the “Akruti” tradename we may need to change our corporate brand. Any such change could require us to issue additional costs and may adversely impact our business.

We can provide no assurance that third parties will not infringe upon our trademark and/or trade name, or that our joint venture partners will not misuse the tradename "Akruti", causing damage to our business prospects, reputation and goodwill. We also can provide no assurance that the unauthorised use by any third parties of the tradename "Akruti", which we have not registered, will not similarly cause damage to our business prospects, reputation and goodwill.

We are dependent upon the experience and skills of our senior management team and skilled employees

We believe that our senior management team has contributed significantly to the development of our business. However, we cannot assure you that we will be able to retain any or all of the key members of our management team. If one or more of our senior executives or other personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. The loss of such key personnel, or our failure to attract additional skilled management personnel, may adversely affect our business and results of operations.

We also believe that the success of our real estate development activities is dependent on our ability to attract, train, motivate, and retain highly skilled employees. Our professionally qualified staff members include engineers, design consultants, marketing specialists, treasury officers, costing consultants, procurement officers and accountants. In the event we are unable to maintain or recruit a sufficient number of skilled employees, our business and results of operations may be adversely affected.

Competition for senior management and skilled employees is intense, the pool of qualified candidates is very limited, and we may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. In addition, if any member of our senior management team or any of our other key personnel joins a competitor or forms a competing company, we may lose key future development opportunities to our competitors, and our business prospects, financial condition and results of operations will be adversely affected.

Certain of our subsidiaries have incurred losses in recent fiscal years

Of our twelve subsidiaries, eleven subsidiaries have incurred losses in recent periods, as set forth in the table below:

	(Rs. in millions)			
Name of Company	**Fiscal 2004**	**Fiscal 2005**	**Fiscal 2006**	**Eight months ended November 30, 2006**
Adhivitiya Properties Limited	(0.002)	(0.002)	(0.83)	(1.06)
Agreem Properties Limited	P	P	P	(0.08)
Akulpita Construction Private Limited	P	(0.133)	P	(0.007)
Akruti Centre Point Infotech Private Limited (Formerly known as Akkadian Infotech & Comm. Private Limited)	(0.002)	P	P	P
Arnav Properties Private Limited	(2.504)	P	(0.021)	(4.65)
E-Commerce Solutions (India) Private Limited	(0.019)	(0.038)	(0.019)	(0.10)
Sheshan Housing & Area Development Engineers Private Limited	-	-	(0.022)	0.023
TDR Properties Private Limited	P	P	P	(1.29)
Vishal Nirman India Private Limited	P	(0.008)	(0.009)	P
Vishal Tekniks (Civil) Private Limited	(1.675)	P	P	P
Brainpoint Infotech Private Limited	P	P	P	(0.13)

- Work in progress
P Profit
(xxx) Loss incurred

Our contingent liabilities could adversely affect our financial condition.

Our contingent liabilities as of November 30, 2006 not provided for (as disclosed in our financial statements) include:

	Rs. (in million)
Reassessment proceedings under the Income Tax Act, 1961, to be commenced in pursuance of search and seizure operations conducted during the period.	Amount not ascertainable at present
On account of Land Under Construction charges notice issued by BMC	29.84
Corporate Guarantees	26.42
Petition filed against Company, under Maharashtra Slum Area Act, 1961 in Relation to a project	5.00
Public Interest Litigation was pending against the Company, under Development Control Regulations / Coastal Regulation Zone, in relation to a Project. However the Company has received a favourable order after the Balance Sheet date.	
Total	61.26

If any of these contingent liabilities materialise, our profitability could be adversely affected.

We may be involved in legal and administrative proceedings arising from our operations from time to time to which we are, or may become, a party.

We may be involved from time to time in disputes with various parties involved in the development and sale of our properties, such as slum dwellers, contractors, sub-contractors, suppliers, constructors, joint venture partners, occupants and claimants of title over land, and governmental authorities. These disputes may result in legal and/or administrative proceedings, and may cause us to suffer litigation costs and project delays. We may, for example, have disagreements over the application of law with regulatory bodies or third parties in the ordinary course of our business, which may subject us to administrative proceedings and unfavourable decisions, resulting in financial losses and the delay of commencement or completion of our projects. For example, local courts from time to time have temporarily enjoined us from carrying out slum rehabilitation projects pending determination of claims brought by persons claiming to be eligible to receive permanent housing in connection with our slum rehabilitation activities.

There is outstanding litigation against us and our directors

There is outstanding litigation against us and our directors. We and such persons are defendants in legal proceedings incidental to our business and operations. Such legal proceedings pending at different levels of adjudication before various courts and tribunals. Should any new developments arise in respect of such litigation, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may face losses and may need to make provisions in our financial statements in respect of such litigation, which could adversely impact our business results. Further, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, it could have a material adverse effect on our business and profitability. As of December 31, 2006, the pending litigation consists of:

Category	**Our Company**	**Directors**
Criminal proceedings	None	One proceeding against Mr. P.H. Ravikumar under Section 138 of the Negotiable Instruments Act, 1881, for default of an amount of Rs. 200,000 in his capacity as Managing Director of an unrelated company.
Civil proceedings	10 proceedings involving an aggregate amount of approximately Rs.25 million	There are two eviction proceedings pending against Mr. Vyomesh M. Shah and Hemant M. Shah.
Tax proceedings	None	None

Please refer to the section titled "Outstanding Litigation and Material Developments" on page 303 of this Red Herring Prospectus.

We cannot assure you that these legal proceedings will be decided in favour of us, our subsidiaries or our joint ventures. Decisions in such proceedings adverse to our interests may have a material adverse effect on us, our results of operations and business prospectus.

RISKS RELATING TO OUR PROMOTERS AND PROMOTER GROUP

Following the Issue we will remain under the control of our Promoters so long as they control a controlling share of our Equity Shares

As of December 31, 2006, our Promoters, Hemant M. Shah and Vyomesh M. Shah, and the Promoter Group held 100% of the issued share capital of our company. Upon completion of the Issue, our Promoters and Promoter Group together will continue to own 89.96%of our equity share capital, which will allow them to control the outcome of matters submitted to the board, our directors or shareholders for approval. After this Issue, our Promoters will continue to exercise significant control or exert significant influence over our business and major policy decisions, including but not limited to the following:

- controlling the election of directors;
- controlling the selection of senior management;
- approving significant corporate transactions, including acquisitions and disposals of our assets or business, or change of control transactions;
- making overall strategic and investment decisions;
- approving our annual budgets;
- deciding on issuance of securities and adjustment to our capital structure;
- waiving pre-emptive rights of shareholders to subscribe to further issuances of shares (which pre-emptive rights may be waived by a special resolution approved by holders of three-fourths of the equity shares which are voted on the resolution);
- deciding upon director remuneration and reimbursement of director expenses;
- issuing Equity Shares of our Company to employees at a discount by means of the issuance of sweat equity shares; and
- amending our memorandum and articles of association.

The interests of our controlling shareholders could conflict with your interests and the interests of our other shareholders, and the controlling shareholders could make decisions that may materially and adversely affect the value of your investment in the Equity Shares.

We enter into related party transactions with entities controlled by our Promoters.

We have entered into, and may in the future enter into, certain related party transactions with companies controlled our Promoters including companies engaged in our same or related lines of business. For details of our related party transactions see the section titled “Financial Statements – Related Party Transactions” on page 233 of this Red Herring Prospectus. As of November 30, 2006 the balance at the end of the eight month period of our related party transactions were Rs. 119.77 million (receivables), Rs. 267.65 million (investments) and Rs. 0.21 million (payables). For example, we currently contract for construction services with a company controlled by our Promoters, and intend to continue to do so in the future. We also outsource additional employees from another company controlled by our Promoters, and intend to continue to do so in the future. As our Promoters will retain control of our company after this Issue, we can provide no assurance that our transactions with such related parties will in all circumstances be made on an arms' length or commercial basis.

We have historically outsourced a significant portion of our employee 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 equivalent to its costs plus a 2-5% mark-up. 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 outsourced all of our employees from 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.

For more information regarding our related party transactions, see the disclosure on related party transactions contained in our consolidated restated financial statements beginning on page 196 of this Red Herring Prospectus.

Potential conflicts of interest may exist or arise with our Promoters

There can be no assurance that the interests of our Promoters will be aligned in all cases with your interests or the interests of our Company. Certain decisions concerning our operations or financial structure may present conflicts of interest among the interests of our Promoters, certain other shareholders and our Company. Our Promoters will have the ability to exercise significant influence over all matters requiring shareholders' approval and will also have effective veto power with respect to any shareholder action or approval requiring a majority vote. Such concentration of ownership may enable our Promoters, for example, to delay or prevent a change in control with regards to our Company against your financial interest as a shareholder. We can not assure you that these or other potential conflicts of interest will be resolved in an impartial manner.

Conflicts of interest may arising out of common business objects shared by our Company and certain of our Promoter Group entities

Our Promoters have interests in other companies and entities that may compete with us, including other entities in our Promoter Group that conduct businesses and operations similar to ours within the real estate development industry. As of November 30, 2006 four of our Promoter Group entities, namely Akruti Guestline Private Limited, Ichha Constructions Private Limited, Rushank Constructions Private Limited and Sanskriti Developers Private Limited have similar main objects clauses as the Company in their respective memoranda of association. There is no requirement or undertaking made by the Promoters or other entities in our Promoter Group not to compete with our business. In addition, there is no requirement or undertaking for our Promoters or such entities 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 entities in our Promoter Group in circumstances where our interests differ from theirs. As of November 30, 2006 two of our promoter group entities, namely Suraksha Realtors and Vishal Nirman (India) Private Limited, are engaged in development of real estate. There can be no assurance that our Promoters or other entities in our Promoter Group will not compete with our existing business or any future business that we may undertake, nor that their interests will not conflict with ours.

For more details regarding other entities in our Promoter Group, please refer to the section titled "Our Promoters and Promoter Group" on page 141 of this Red Herring Prospectus.

Certain of our Promoter Group entities have incurred losses in recent fiscal years

In addition, certain of our Promoter Group entities have incurred losses in recent fiscal years, as set forth in the table below:

	(Rs. in millions)		
Name of Company	**Fiscal 2004**	**Fiscal 2005**	**Fiscal 2006**
Akruti Knowledge and Research Limited	NA	NA	(0.010)
Akruti Guestline Private Limited	NA	NA	(0.002)
Akruti Niharika Buildings Limited	(0.180)	P	(0.380)
Dharni Properties Private Limited	(0.851)	(2.040)	(0.919)
Ichha Constructions Private Limited	(0.040)	(0.200)	P
Roopkala Pictures Private Limited	(0.100)	(0.004)	(0.005)
Sanskriti Developers Private Limited	P	P	(0.01)

NA Not applicable : company not incorporated yet
- Work in progress
P Profit
(xxx) Loss incurred

There is outstanding litigation against entities in our Promoter Group

There is outstanding litigation against entities in our Promoter Group. Such persons are defendants in legal proceedings incidental to their business and operations. Such legal proceedings pending at different levels of adjudication before various courts and tribunals. Should any new developments arise in respect of such litigation, such as a change in Indian law or rulings against us by appellate courts or tribunals, entities in our Promoter Group may face losses and may need to make provisions in our financial statements in respect of such litigation, which could adversely impact their business results. Further, if significant claims are determined against such entities and such entities are required to pay all or a portion of the disputed amounts, it could have a material adverse effect on their business and profitability. As at December 31, 2006, the pending litigation consists of:

Category	**Promoter Group**
Criminal proceedings	None
Civil proceedings	6 proceedings, owing to the non-monetary nature of the disputes, the amount involved in the dispute cannot be quantified.
Tax proceedings	None

Please refer to the section titled “Outstanding Litigation and Material Developments” on page 303 of this Red Herring Prospectus.

We cannot assure you that these legal proceedings will be decided in favour of our Promoters or our Promoter Group. Decisions in such proceedings adverse to the interests of our Promoters or Promoter Group may have a material adverse effect on such persons, and may have an indirect material impact on us, our results of operations and business prospectus.

Recently, we and our promoters were subjected to search and seizure operations under the provisions of the Income Tax Act, 1961

On August 10, 2006, the Department of Income Tax carried out search and seizure operations under Section 132 of the Income Tax Act, 1961 against us, our Promoters, our executive directors, one of our employees and our Promoter Group companies, Citygold and Ichha Constructions Private Limited. During these operations, certain documents and records were seized by the Income Tax authorities. Pursuant to these operations, the Company has filed declaration under section 132(4) of the Income Tax Act, 1961 through its letter dated September 22, 2006 whereby certain claims previously made by the Company by way of deductions under section 80IB(10) & 80IA(4)(iii) of the Income Tax Act, 1961 amounting to Rs.189.2 millions were withdrawn. The aforesaid withdrawal of deductions is subject to reassessment proceedings under Income Tax Act, 1961 which shall be carried out in a time period prescribed by law.

Based on the findings of these search and seizure operations, the Department of Income Tax may undertake proceedings which may result in demands for payment of additional taxes or levy penalties, or take other action against us or our Promoters, executive directors and the concerned employee. We are currently unable to estimate the financial or other impact of these proceedings, and therefore are unable to provide any indication or assurance as to whether these proceedings could have a material adverse effect on our business, financial condition, results of operations or prospects.

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 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 we in the future will have access to sufficient financial resources to implement our various projects 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 a timely manner, on favourable terms or at all.

We finance each of our real estate projects individually, primarily through short-term fixed-rate bank borrowings from Indian banks 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 eight month period ended November 30, 2006, and as of that date we had outstanding Rs.4,751.98 million of secured and unsecured loans. We intend to pursue a business strategy pursuant to which we will carry out 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 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, we cannot assure you that in the future we will be able to raise adequate capital from Indian banks in a timely manner, on acceptable terms or at all to carry out our business plans. 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 rising trend over the last two fiscal years, with the RBI reverse repo rate rising from 4.5% as of March 31, 2004 to 4.75% and 5.5% as of March 31, 2005 and 2006, respectively. The RBI reverse repo rate as of December 31, 2006 was 6.0%.

We finance each of our real estate projects individually, primarily through borrowings from Indian banks which we repay upon the completion of each project. Of our outstanding secured and unsecured loans of Rs. 4,751.98 million as of November 30, 2006, Rs. 1,544.43 million was floating indebtedness. 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.

Changes 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. Interest rates on housing loans have increased by 1% to 1.75% in the current fiscal year. There can be no assurance that variations in interest rates and interest rate policy by the RBI will not adversely affect our financial condition and results of operations.

Our 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. Some of these agreements contain certain restrictive covenants, such as restrictions on changes in our capital structure, absent consent of the relevant lender. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain any lender consents necessary to take the actions we believe are necessary to operate and grow our business. For further details of our financial indebtedness, please refer to the section titled "Financial Indebtedness" on page 299 of this Red Herring Prospectus.

Our borrowings are subject to numerous restrictive covenants which materially limit the operation of our business absent lender consent

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

- Invest loaned funds in share capital of other companies, including subsidiaries and associates;
- Merge, restructure, amalgamate or otherwise permit majority control of our Company to change hands;
- Give any financial guarantee;

- Transfer, dispose or alienate any assets or properties, tangible or intangible
- Undertake any trading activity other than the sale of products arising from our own manufacture.
- Make any significant changes in management.
- 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 normal replacements.

Many of these restrictive covenants substantially affect our ability to operate our business, absent lender consent. Our financing agreements also contain customary terms relating to flex and refusal of requests for further drawings under a loan. We can provide no assurance that we can successfully operate our business consistent with these arrangements. Any breach under our 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.

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, as well as lease rental loans, granted against the discounted future cashflows from rental payments from our commercial tenants.

Several of our financing arrangements have each pledged substantially all of our assets in respect of various borrowings. The assets of each of our construction projects are secured by the terms of the corresponding financing agreement. Similarly, in respect of rental income in regards to our commercial properties that we have securitised with Indian banks, we are prohibited by applicable loan covenants from further encumbering such rental income. As of November 30, 2006, 48% of our total assets was secured under our financing arrangements.

In the event of a default by us on our financing agreements, our pledged 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 pledged 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 pledged.

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 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 favourable 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. Furthermore, upon fulfilment of certain required conditions, we have received certain concessions in respect of our IT parks on property taxes levied by the Municipal Corporation of Mumbai, pursuant to which concessions we pay only 30% of otherwise applicable property taxes in respect of our I.T. parks.

- At the national level, Indian tax policies substantially affect the affordability to Indian residential property 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;

- Also at the national level, Indian legislation provides for exemption from income tax payable in respect of income derived from our residential projects approved before March 31, 2007 (provided that the dwelling unit, if located in Mumbai or New Delhi, measures less than 1,000 square feet, or if located in the remainder of India, measures less than 1,500 square feet). We presently avail of such income tax exemptions, the removal or lapse of which would increase our taxable income and the income tax payable;

- 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 Government of Maharashtra ("**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 siting approvals for each of our real estate projects from local authorities. Delays in or our failure to obtain such approvals may delay or impede or 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 superfice 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 superfice 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.

If we are unable to obtain required approvals and licences in a timely manner, our business and operations may be adversely affected

We require certain approvals, licenses, registrations and permissions for operating our business, certain of which we have either applied for or are in the process of application. For more details, please refer to the section titled "Government Approvals" beginning on page 317 of this Red Herring Prospectus. If we fail to obtain these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected.

In the Mumbai area, our business is substantially dependent upon approvals issued by the SRA and the MIDC in respect of our slum rehabilitation projects, in order to be able to commence and complete such projects, including approvals issued at various stages of such projects.

In expanding our business nationally, we will be required to obtain local regulatory approvals in various localities with which we are presently unfamiliar, often conducted in a language different from our own. In such localities, in addition to the localities in which we presently operate, we must obtain project-specific approvals, permits and licences (including environmental, land use and siting approvals) from relevant administrative authorities at various stages of project development.

We may encounter delays in obtaining these requisite approvals, or may not be able to obtain such approvals at all. If we experience material difficulties 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 can be no assurance that we will not encounter material difficulties in fulfilling any conditions precedent to the approvals described above or any approvals we require in the future, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular processes with respect to the granting of the approvals. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals. If we fail to obtain, or experience material delays in obtaining, the requisite governmental approvals, the schedule of development and sale of our developments could be substantially disrupted which could have a material adverse effect on our business, prospects, financial condition and results of operations. Significant delays in or our failure to obtain such approvals may delay or impede or our ability to develop specific real estate development 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 lacklustre 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 returns on investment may be delayed and/or lower than originally expected by us, and our financial performance 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 large Indian real estate development and construction companies. We presently compete in the Mumbai area with various regional companies, including Hiranandani Developers Limited, the Raheja Group, Dhiraj Developers Ltd, Kalpataru Developers, the Marathon Group and the Lokhandwala Group. Given our strategy of expanding our business activities nationally to include real estate development in other regions throughout India, 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 are gradually being relaxed. In the future, increased competition from foreign real estate development firms may result in increases in prices or large plots of land suitable for development. 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.

The cyclicality of the Indian real estate market could cause us to experience uneven property values and rental income over time

Historically, the Indian real estate market has been cyclical, a phenomenon that can affect the optimal timing for both the acquisition of sites and the sale or rental of completed development properties. We can provide you no assurance that cyclicality will not continue to affect the Indian real estate market in the future. We may as a result experience uneven property values and rental income over time.

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. We can not assure you that our 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 will not adversely affect 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 real 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 and railways. Any such action in respect of one or more of our major current or planned developments could adversely affect our business.

RISKS RELATING TO THE INDIAN ECONOMY

Our business is substantially affected by prevailing economic conditions in India

We perform all of our real estate development activities in India, all of our projects are located in India, and the predominant portion of our customers are Indian companies or Indian nationals. As a result, we are highly dependent on prevailing economic conditions in India and our results of operation are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our real estate developments and the purchase thereof by our customers;
- relative increases or decreases in activity in or profitability of the information technology, call centre support, biotechnology and outsourcing industries in India and other key sectors of the Indian economy;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's present tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- conditions in other emerging market nations, which nations may compete for finite global capital development or improvement resources with Indian companies;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its real estate development sector.

As a result of our present lack of geographic diversification in our business activities, any economic recession, inflation, increase in interest rates, decrease in real estate prices, decrease in personal or corporate income, or other deterioration in India's economy could impact our business and results of operations to a greater degree than would be the case were we to have geographically dispersed operations. Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business and financial performance and the price of our Equity Shares.

Natural disasters in India could have a negative impact on the Indian economy and cause our business to suffer

India has experienced significant natural disasters in recent years such as earthquakes, tsunami, flooding and drought, for example the heavy floods in Mumbai on July 26, 2005. The extent, location and severity of these natural disasters determines their impact on the Indian economy and our business. Further natural disasters could reduce economic activity in India generally, and adversely affect our business. Although constructed and maintained to withstand certain natural events, our buildings constructed and in progress may not survive such catastrophic events, or may experience substantial damage. This may deprive us of rental income with regard to properties that we rent to third parties, as well as resulting in losses with regards to our works in progress.

Any downgrading of India's sovereign debt rating may adversely affect our ability to raise additional debt financing

Any adverse revisions by international rating agencies to the credit ratings of the Indian national government's sovereign domestic and international debt may adversely affect our ability to raise additional financing by resulting in a change in the interest rates and other commercial terms at which we may obtain additional financing. This could have a material adverse effect on our capital expenditure plans, business and financial performance. A downgrading of the Indian national government's debt rating may occur, for example, upon a change of government tax or fiscal policy outside our control.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our business

According to a report released by the RBI, India's foreign exchange reserves totalled approximately U.S.$175,519 million as of December 15, 2006. A decline in these reserves could impact the valuation of the Indian rupee and could result in reduced liquidity and higher interest rates, which could adversely affect the availability of financing to our company for our future projects.

Terrorist attacks, civil unrest and other acts of violence or war involving India could adversely affect the Indian financial markets, the availability of finance to our business and the trading price of our securities

Terrorist attacks and other acts of violence or war in India or other countries in the region (such as the recent terrorist attacks in Mumbai) may negatively affect the stock exchanges on which our Equity Shares will trade. These acts may also result in a loss of business confidence and ultimately adversely affect financing available to our business.

India has witnessed civil disturbances in recent years and it is possible that future civil unrest, as well as other adverse social, economic and political events in or affecting India, could have a negative impact on the value of our Equity Shares. Any incidents could adversely affect the Indian financial markets, cause investor concern about stability in the region, create a greater perception that investment in Indian companies involves a high degree of risk, and adversely affect the availability of finance to our business and the trading price of our securities.

RISKS RELATING TO OUR EQUITY SHARES AND THIS ISSUE

An active trading market for our Equity Shares may not develop and the value of our Equity Shares may fall

There has been no prior public market for our Equity Shares and an active trading market for the Equity Shares may not develop or be sustained after this Issue. The price at which our Equity Shares trade may fall after this Issue as a result of many factors, including but not limited to volatility in the Indian and global securities markets or economies, the results of our operations, the performance of our competitors, developments in the Indian real estate sector, changing perceptions in the market about investments in the Indian real estate sector, adverse media reports regarding us or the Indian real estate sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic governmental policies, and changes in India's tax policies. As a result, we cannot assure you that even after our Equity Shares have been approved for listing on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the price offered for our Equity Shares in connection with this Issue will correspond to the price at which the Equity Shares will trade in the Indian public market subsequent to this Issue.

The market value and liquidity of your investment may fluctuate due to conditions in or the volatility of the Indian securities market

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Further, there has been significant volatility in the Indian stock exchanges in 2006, with the BSE index declining significantly in the middle of the year and then recovering towards the end of the year. These exchanges have also 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 restricted margin requirements. Further, disputes have occurred on occasion between listed companies and Indian stock exchanges and Indian regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in this Issue

Our Equity Shares will be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two working days of the date of allotment of Equity Shares by our Board. Thereafter, upon receipt of final approval of each respective stock exchange, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved. There can be no assurance that the Equity Shares allocated to investors will be credited to such investors' "demat" accounts, or that trading will commence, within the time periods specified above. Further, we are required to make allotment and despatch / refund orders within 15 days from the Bid/ Issue Closing Date. If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, we are required to repay, without interest, all moneys received from bidders in connection with this Issue. If such moneys are not repaid within eight days after our Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then our Company will, on and from the expiry of eight days, be liable to repay the moneys, with interest at the rate of 15% per annum on the application money, as prescribed under Section 73 of the Companies Act.

Any future issuance of Equity Shares may dilute your shareholding, and any future sales of our Equity Shares by our existing shareholders may adversely affect the trading price of our Equity Shares

Any future equity issuances by us may lead to the dilution of your shareholding in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoters or other major shareholders from time to time may adversely affect the trading price of our Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

We have made issuances of Equity Shares during the last twelve months at a price that may be lower than the Issue Price

We have, in the last twelve months, made issuances of Equity Shares at a price that could be lower than the Issue Price, the details of which are as follows:

Date of Allotment	No. Equity Shares	Issue Price per Equity Share (In Rs.)	Face Value per Equity Share (In Rs.)	Consideration (In cash or other than cash)	Name of Allottee	Reason for Allotment	Cumulative Share Premium (In Rs.)	Cumulative Share Capital (In Rs.)
January 6, 2006	1,000,000	10	10	Cash	Hemant M. Shah Vyomesh M. Shah Rushank V. Shah Hemant M. Shah HUF Vyomesh M. Shah HUF Khilen V. Shah N/G. Falguni V. Shah Falguni V. Shah Kunjal H. Shah Lata M. Shah Mahipatray V. Shah Mahipatray V. Shah HUF Kushal H.	Pursuant to rights issue	Nil	30,000,000

					Shah N/G. Kunjal H. Shah			
January 31, 2006	45,000,000	0	10	Bonus	Hemant M. Shah Vyomesh M. Shah Rushank V. Shah Hemant M. Shah HUF Vyomesh M. Shah HUF Khilen V. Shah N/G. Falguni V. Shah Falguni V. Shah Kunjal H. Shah Lata M. Shah Mahipatray V. Shah Mahipatray V. Shah HUF Kushal H. Shah N/G. Kunjal H. Shah	Pursuant to issue of Bonus Shares in the ratio of 15:1	Nil	480,000,000
May 12, 2006	12,000,000	0	10	Bonus	Hemant M. Shah Vyomesh M. Shah Rushank V. Shah Hemant M. Shah HUF Vyomesh M. Shah HUF Khilen V. Shah N/G. Falguni V. Shah Falguni V. Shah Kunjal H. Shah Lata M. Shah Mahipatray V. Shah Mahipatray V. Shah	Pursuant to issue of Bonus Shares in the ratio of 1:4	Nil	600,000,000

					HUF Kushal H. Shah N/G. Kunjal H. Shah			

We have not entered into any definitive agreements to utilise a substantial portion of the proceeds of this Issue

We intend to use the proceeds of this Issue for the purposes described in the section "Objects of the Issue" beginning on page 36 of this Red Herring Prospectus. The objects of this Issue are to finance acquisition of rights in lands or development rights over lands, development and construction of projects under development and planned projects, repayment of bank loans, and for general corporate purposes. We have not entered into any definitive agreements to utilise the proceeds of this Issue. Therefore, some of the figures included under "Objects of the Issue" are based on internal estimates.

Pending utilisation of the proceeds of this Issue for the purposes described in this Red Herring Prospectus, we intend to invest the proceeds of the Issue in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks, for the necessary duration, or for reducing overdrafts. Such investments would be made in accordance with investment policies or investment limits approved by our Board of Directors from time to time.

Notes to Risk Factors:

- Public Issue of 6,700,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] million. The Issue would constitute 10.04 % of the post issue paid-up capital of the Company.

- In terms of Rule 19(2)(b) of the Securities Contract Regulation Rules, 1957, the Issue would be made through the 100% book building process where at least 60% of the Issue would be Allotted on a proportionate basis to QIBs. 5% of the QIB Portion would be available for allocation to Mutual Funds only and the remaining QIB Portion would be available for allocation to the QIB Bidders including Mutual Funds, subject to valid bids being received at or above the Issue Price. Further, up to 10% of the Issue would be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue would be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

- The net worth of the Company was Rs. 1,072.81 million as of March 31, 2006 and Rs. 1,195.95 million as of November 30, 2006 as per our restated consolidated financial statements included in this Red Herring Prospectus.

- The net asset value per Equity Share of Rs. 10 each was Rs. 24.02 as of March 31, 2006 and Rs. 19.93 as of November 30, 2006, as per our restated consolidated financial statements included in this Red Herring Prospectus.

- The average cost of acquisition of our Equity Shares by our Promoters is Rs. 0.47 per Equity Share (taking into account bonus shares issued).

- For details of our related party transactions, please see the disclosure on related party transactions contained in our consolidated restated financial statements beginning on page 196 of this Red Herring Prospectus.

- Our Promoters, Directors and Key Managerial Personnel are interested in our Company by virtue of their shareholding, if any, in our Company Scheme. See “Capital Structure” and “Our Management” on page 26 and page 96, respectively.

- Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.

- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs and the Syndicate Member for any complaints pertaining to the Issue.

- Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis. For more information, please refer to the section titled “Issue Structure” on page 354.

- Investors are advised to refer to the section titled “Basis for Issue Price” on page 42.

- Our Company was incorporated as Akruti Nirman Private Limited under the Companies Act, 1956 on February 16, 1989. On April 11, 2002, the Company was converted into a public limited company and the name was changed to Akruti Nirman Limited. At the time of incorporation, the registered office address of our Company was at unit No. 6, 2nd floor, Tardeo Airconditioned Market Building, Tardeo, Mumbai – 400034. With effect from December 26, 1994 it was changed to Maratha Mandir Annex, 1st Floor, Maratha Mandir Road, Opposite Bombay Central Station, Mumbai – 400008. Thereafter, with effect from April 1, 1996, it was changed to 2nd & 4th Floor, Mukhadhyapak Bhavan, Plot no. 6B, Road no. 21, Sion (W), Mumbai – 400022. With effect from August 1, 2003, the registered office of the Company was changed to the Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400093, Maharashtra, which is the present registered office of the Company.

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGIES

OVERVIEW

We are a real estate development company 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. In our commercial business line, we build, lease and sell commercial office space, including office towers and information technology parks, with a focus on properties attractive to the information technology, information technology enabled services ("**ITES**") and business processing outsourcing ("**BPO**") industries and large multinational companies. In our residential business line, we develop multi-unit residential apartment buildings with residences ranging from one bedroom flats to higher end, five bedroom residences. In our new retail business line, we are currently developing our first six shopping malls which contain space for retail units, food courts, banquet halls and restaurants and in which we intend to lease space to retailers upon their completion.

A key focus area of our business has been real estate development on slum rehabilitation land, pursuant to the slum rehabilitation scheme initiated by the Government of Maharashtra (“**GOM**”) in 1992, whereby in return for constructing 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 that are outside the relevant slum area. Since we undertook our first real estate development project in 1989, we have developed nearly 5.0 million square feet of building area, of which approximately 4.8 million square feet, or 97%, has been developed on land made available for development through our participation in slum rehabilitation projects. We have constructed new dwellings on, and handed over free of charge, 3.6 million square feet of residential space on these lands to provide housing for former slum dwellers. We have used the remaining land to develop 1.4 million square feet of saleable or leasable building area in commercial and residential developments. 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 otherwise incur for the purchase of comparable, developable urban land in Mumbai.

Of the nearly 5.0 million square feet of building area that we have developed since incorporation, the Company and its subsidiaries have developed approximately 2.8 million square feet, or 56%, of such land, and approximately 2.2 million square feet, or 44%, have 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 commenced plans to expand into Pune and Bangalore, and intend to expand our business into other cities, particularly where we see future potential for slum rehabilitation. We also intend to further diversify our business lines by selectively exploring new concepts for large scale development projects, such as Bio-IT Parks, new townships and serviced apartments and hotels.

In respect of our projects under development, as of November 30, 2006 we had development rights over 11,763,000 square feet of land area, primarily located in Mumbai. Of this area, 8,026,000 square feet represent slum rehabilitation land owned by the applicable slum rehabilitation authorities and 3,737,000 square feet was acquired or leased by us from third parties. Our management believes that we will be able to develop approximately 13,256,000 square feet of saleable or lettable building area on these lands, in addition to generating 293,000 square feet of TDRs.

In respect of our future projects, as of November 30, 2006, we had also initiated steps to acquire development rights over a further 1,654,000 square feet of land area, primarily located in Mumbai, in respect of which our management believes, based on applicable zoning regulations, that we will be able to develop approximately 3,122,000 square feet of saleable or lettable building area, in addition to generating 451,000 square feet of TDRs. In addition, we have entered into an agreement with a third party to acquire TDRs representing approximately 2,613,000 square feet of area, if such TDRs are allocated to the third party by the GOM, which we intend to sell in the market.

We recently retained Knight Frank, CB Richard Ellis and Trammell Crow Meghraj, international property consultants (our "Valuers"), to perform a property valuation in respect of our projects under development and projects in respect of which we have taken steps to acquire development rights. The Valuers have reported as follows:

- Knight Frank has valued sixteen of our projects, and has opined that as of September 15, 2006, the net present value of such projects is Rs.25,190 million, of which the Company's share is Rs.12,611 million;

- CB Richard Ellis has valued three of our projects, and has opined that as of September 15, 2006, the open market value of such projects is Rs.2,852 million, of which the Company's share is Rs.2,852 million;

- Trammell Crow Meghraj has valued sixteen of our projects, and has opined that as of September 15, 2006, the fair market value of such projects is Rs.57,911 million, of which the Company's share is Rs.24,816 million (including Rs.1,772 million representing the value of the TDRs proposed to be acquired from a third party if allocated by the GOM, as referenced above).

Our management believes that it will take us approximately three to five years to complete our ongoing and currently planned projects and develop the remaining land.

In the three years ended March 31, 2004, 2005 and 2006, our total income was Rs.525.95 million, Rs.686.90 million and Rs.2,052.82 million, respectively, and our profit after tax and exceptional items was Rs.81.83 million, Rs.131.90 million and Rs.633.09 million, respectively.

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 retail projects. Our projects completed or under development include high-rise residential towers, commercial office towers, IT parks and shopping malls. We aim to identify and capitalise on new business opportunities in the Indian real estate industry and in the future our management intends to further diversify our business activities to include the development of Bio-IT Parks, townships, hotels and serviced apartments. By undertaking a broad range of development opportunities, we seek to limit our exposure to risk in specific product segments within the real estate development industry and, where market demand requires, we try, if applicable regulations permit, to switch the intended use of land we have acquired for development amongst our principal business lines. We believe that the diversity of our product mix also limits the extent to which demand for our developments is dependent upon any particular customer, industry or industry segment.

Quality projects and construction

Since our incorporation in 1989, we have been responsible for the successful completion of 21 real estate projects in India comprising nearly 5.0 million square feet. Our position in Mumbai as a property developer is largely due to our established execution capabilities, including our reputation for successfully completing new commercial and residential projects utilising lands obtained through slum rehabilitation. We retain architectural, structural and various other consulting firms with established track records in a number of our projects. We have used, and continue to use, quality construction materials and modern technology in our commercial, residential and retail developments completed or under development. Our commercial customers include various Indian and multinational corporations. Several of our commercial tenants, including Tata Consultancy Services, 3i Infotech Limited and BNP Paribas, have rented commercial units from us in more than one of our commercial developments. We are ISO-certified and we have been awarded a rating of "DA2" by CRISIL.

We are involved in slum rehabilitation in Mumbai and are able to obtain prime building locations in Mumbai through slum rehabilitation

To date all of our developments have been completed in Mumbai, a city with a shortage of developable open land. Many prime real estate locations in Mumbai are presently occupied by slums. The construction of permanent housing for slum dwellers allows the remaining land area in slum areas to be cleared for other real estate development. Our redevelopment of slum lands provides us the right to also develop our own real estate developments for sale or lease to third parties on lands freed by our slum rehabilitation efforts. In this manner, we obtain developable, urban land for our projects in Mumbai primarily through the rehabilitation of slum lands. Of the nearly 5.0 million square feet of building area we have developed to date in India, approximately 4.8 million square feet, or 97%, has been developed on land made available for development through our participation in slum rehabilitation projects.

To date, we have developed 157 apartment buildings and over 9,400 apartments for former slum dwellers in exchange for developable urban land and land development rights in Mumbai from the applicable slum rehabilitation authority. 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 transferable development rights ("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.

Access to land and development rights in Mumbai

As of November 30, 2006 we had development rights over 11,763,000 square feet of land area, primarily located in Mumbai. Of this area, 8,026,000 square feet represent slum rehabilitation land owned by the applicable slum rehabilitation authorities and 3,737,000 square feet were acquired or leased by us from third parties. Our management believes that we will be able to develop approximately 13,256,000 square feet of saleable or lettable building area on these lands.

Experienced and dedicated management team

We have an experienced, well qualified and dedicated management team, many of whom have more than 20 years of experience in their respective fields. Because of our established reputation for project execution, we have been able to attract high calibre management and employees. Our professionally qualified staff includes engineers, design consultants, marketing specialists, treasury officers, costing consultants, procurement officers and accountants. We provide our staff with extensive training that encourages 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. For details regarding the experience of our directors / promoter and our Key Managerial Personnel, please refer to the section titled "Our Management" on page 96 of this Red Herring Prospectus.

Innovative projects and developments

We utilise the experience and skills of our professional management, design, engineering and project execution teams to plan and carry out innovative developments which maximise the use of available land. For example, in November 2000 we completed the development of Akruti Softech Park, a private software technology park in Mumbai. We are also currently in the process of developing a 20-storey fully mechanised car park with capacity for 240 cars to be developed in Mumbai on a small plot of land measuring only approximately 18m x 18m, using fully automated technology imported from Europe. We have considerable experience in undertaking and using design, planning and construction techniques to successfully execute challenging projects and we incorporate attractive modern design features into our developments.

Established reputation for practically and efficiently regenerating slum lands

Our successful redevelopment of various slums within Mumbai and our commitment to regenerating the locations in which we carry out our slum rehabilitation projects has afforded us credibility with government agencies and affected slum dwellers, which we believe will facilitate our obtaining approvals and consents required for future slum rehabilitation projects that we undertake. Our management believes that the experience we have gained in carrying out slum rehabilitation projects in Mumbai positions us well to carry out further slum rehabilitation in Mumbai and in other Indian cities and states, as 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 business in the city of Mumbai where we believe that there are substantial prospects for further slum development. We are currently developing sites situated on former slum land in Mumbai with a total land area of 8,026,000 square feet for residential, commercial and retail projects.

We also believe that there is 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 Slum Rehabilitation Scheme 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 potential.

Diversify our portfolio of projects

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 new townships, hotels and serviced apartments. We also intend to further develop business lines in which we have recently commenced activity, such as the development of shopping malls, and we have tendered for the development of further IT parks, while continuing our existing real estate business lines. As part of this strategy, our first six shopping malls are currently under development.

Increase our land available for development in strategic locations

We recognise that continuing to build 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. Our management estimates that collectively our projects under development will involve the development of residential, commercial and retail developed area over the next three to five years of approximately 3,425,000 square feet, 8,207,000 square feet and 1,723,000 square feet, respectively, totalling approximately 13,355,000 square feet. These represent projects for which construction has commenced, in respect of which we have executed memoranda of understanding (that is, projects 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 developed as part of our participation in the Slum Rehabilitation Scheme).

As of November 30, 2006, we had also initiated steps to acquire development rights over a further 1,654,000 square feet of land area, primarily located in Mumbai, in respect of which our management believes, based on applicable zoning regulations, that we will be able to develop approximately 3,122,000 square feet of saleable or lettable building area. We also are currently evaluating the acquisition of land or development rights in other cities where we see significant growth potential, such as Jaipur, Delhi, Chennai, Ahmedabad and Hyderabad. By increasing the amount of land over which we hold development rights, we aim to enable our business to expand nationally and into additional real estate development business lines.

Partner selectively with experienced local and international participants in the real estate industry

We are experienced in carrying out 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, the Nilkanth Group and the Shapoorji Pallonji Group. We recognise that collaborating strategically with other firms can reduce our capital investment and leverage our development capabilities, allow us to benefit from an enhanced pool of construction and marketing expertise and experience, and facilitate our expansion into additional geographic areas and business lines. In addition, by partnering with local firms in other Indian regions, we can benefit from our local partners' experience, regional language abilities, business contacts 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, including Pune and Bangalore, and other areas where we see significant growth potential.

Sell or lease properties in response to market conditions

We sell or lease properties to third parties in response to market conditions, which conditions at times may favour the sale of properties to our customers, and at times may favour a rental model. Within our commercial developments, we have sold certain space to our customers, while retaining ownership of and renting to customers other space. We currently sell all of our residential properties, and intend to lease space in our retail developments to our customers once these are completed.

We may seek to retain ownership of our future commercial properties, and lease them to our customers, in order to capture for ourselves any appreciation in the market value of such properties. To this end, we have securitised our future rental income in respect of most of our commercial properties with various Indian banks. Pursuant to these securitisations, we receive a lump-sum payment from the bank once the commercial property has been completed and rented, and the bank receives directly from our tenants the rent paid in respect of such properties, usually for a term of eleven years. Upon the completion of this eleven year term, we are restored the right to receive rental amounts paid in respect of our property. We have adopted this securitisation strategy with respect to our rental properties in order to be able to receive these funds up-front upon the completion and rental of each project, while still capturing upon the conclusion of the securitisation term any appreciation in value which may have occurred during such period with regard to such properties.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated unconsolidated and consolidated financial statements as of and for the years ended March 31, 2006, 2005, 2004, 2003 and 2002 and the eight month period ended November 30, 2006. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and are presented in the section titled "Financial Statements" beginning on page 165 of this Red Herring Prospectus. The summary financial information presented below should be read in conjunction with our restated unconsolidated and consolidated financial statements, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 274 of this Red Herring Prospectus and in particular, the statements therein regarding the change in our revenue recognition policy with effect from April 1, 2006 and the cautionary statements regarding the comparability of our financial information for the eight month period ended November 30, 2006 to prior periods. Indian GAAP differs in certain significant respects from US GAAP. For more information on these differences, see the section titled "Summary of Significant Differences Between Indian GAAP and US GAAP" on page 266 of this Red Herring Prospectus.

SUMMARY STATEMENT OF UNCONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Million)

	Particulars	As at 30th November, 2006	As at 31st March				
			2006	**2005**	**2004**	**2003**	**2002**
A	**Fixed Assets:**						
	Gross Block	994.25	1019.04	868.82	749.95	137.94	148.44
	Less: Depreciation	157.16	160.56	116.92	46.68	17.87	10.64
	Net Block	**837.09**	**858.48**	**751.90**	**703.27**	**120.07**	**137.80**
B	Capital Work in Progress	27.03	**-**	**-**	**-**	**-**	**-**
C	Investments	**186.46**	**197.78**	**74.92**	**68.34**	**19.11**	**23.71**
D	Current Assets, Loans and Advances						
	Inventories	1485.56	973.43	1218.15	927.35	1128.43	829.00
	Less: Revaluation Reserve	-	-	-	2.57	2.57	7.02
		1485.56	973.43	1218.15	924.78	1125.86	821.98
	Sundry Debtors	58.40	24.72	40.24	24.80	34.73	26.30
	Cash and Bank Balances	706.54	51.55	199.51	63.29	9.92	1.62
	Loans and Advances	956.50	382.80	249.12	252.83	166.82	155.43
	Other Current Assets	**-**	**-**	**-**	**-**	0.10	0.06
		3207.00	**1432.50**	**1707.02**	**1265.70**	**1337.43**	**1005.39**
E	Liabilities and Provisions						
	Secured Loans	2544.43	841.15	1351.64	1172.24	710.70	629.05
	Unsecured Loans	17.50	3.81	107.27	90.40	51.28	43.21
	Current Liabilities and Provisions	521.98	569.92	556.18	351.12	353.07	237.25
		3083.91	**1414.88**	**2015.09**	**1613.76**	**1115.05**	**909.51**
F	Deferred Tax Liability	**2.45**	**6.35**	**9.14**	**0.45**	**0.29**	-
G	Net Worth (A+B+C+D-E-F)	**1171.22**	**1067.53**	**509.61**	**423.10**	**361.27**	**257.39**
H	**Represented by**						
	1. Share Capital	600.00	480.00	20.00	20.00	20.00	5.00
	2. Reserves	602.88	587.53	489.61	405.67	343.84	259.41
	Less : Revaluation Reserve	**-**	**-**	**-**	2.57	2.57	7.02

		602.88	**587.53**	**489.61**	**403.10**	**341.27**	**252.39**
		1202.88	**1067.53**	**509.61**	**423.10**	**361.27**	**257.39**
	3. Less : Miscellaneous Expenditure	31.66	-	-	-	-	-
I	Net Worth (H1 +H2-H3)	**1171.22**	**1067.53**	**509.61**	**423.10**	**361.27**	**257.39**

SUMMARY UNCONSOLIDATED STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in Million)

Particulars	For the period 1st April, 2006 to 30th November, 2006	For the year ended 31st March				
		2006	**2005**	**2004**	**2003**	**2002**
Income						
Sales and Income from operations	614.33	1994.04	650.93	391.36	516.83	397.47
Other Income	24.81	20.97	6.85	23.11	28.40	11.09
Total Income	**639.14**	**2015.01**	**657.78**	**414.47**	**545.23**	**408.56**
Expenditure						
Purchase of Transferable Development (TDR) for trade	33.60					
Less: Inventory of TDR purchased for trade	(33.60)	-	-	-	-	-
	-					
Cost of Construction	164.52	1189.68	309.98	177.13	342.31	198.80
Employment Cost	36.16	12.91	4.50	4.50	0.30	0.30
Administrative, Selling and General Expenses	117.30	36.51	24.06	46.72	16.80	13.91
Interest and Finance Charges	129.85	67.02	99.20	65.77	40.02	32.62
Depreciation	41.06	47.75	70.41	28.90	7.34	8.36
Total Expenditure	**488.89**	**1353.87**	**508.15**	**323.02**	**406.77**	**253.99**
Net Profit before tax	**150.25**	**661.14**	**149.63**	**91.45**	**138.46**	**154.57**
Current Tax	17.00	32.72	11.75	6.91	11.74	12.03
Deferred Tax Charge / (Credit)	(3.90)	(2.79)	8.69	0.17	0.13	-
Fringe Benefit Tax	1.80	0.53	**-**	**-**	**-**	**-**
Net Profit after tax	**135.35**	**630.68**	**129.19**	**84.37**	**126.59**	**142.54**

STATEMENT OF UNCONSOLIDATED CASH FLOWS, AS RESTATED

Rs. In (Million)

Particulars	For the period 1st April, 2006 to 30th November,2006	For the year ended 31st March				
		2006	2005	2004	2003	2002
I Cash flow arising from Operating Activities ;						
Net Profit before tax as per Profit and Loss Account	**150.25**	**661.14**	**149.63**	**91.45**	**138.46**	**154.57**
Add / (Deduct) :						
Interest & Finance Charges	129.85	67.02	99.20	65.77	40.02	32.62
Depreciation	41.06	47.75	70.41	28.90	7.34	8.36
(Profit) / Loss on Sale of Fixed Assets	-	0.20	-	(2.34)	(27.02)	0.00
Pre-acquisition (Profit) / Loss	(21.74)	(18.59)	(3.80)	(4.00)	(27.00)	(11.04)
Operating Profit before Working Capital Changes	299.42	757.52	315.44	179.78	131.80	184.51
Working Capital Adjustment :						
(Increase)/ Decrease in inventory	(512.13)	244.72	(290.80)	201.07	(303.88)	(224.14)
(Increase)/ Decrease in other Current Assets	(317.30)	-	-	0.10	(0.05)	(0.05)
(Increase)/ Decrease in Sundry Debtors	(33.68)	15.52	(15.44)	9.93	(8.42)	0.31
(Increase)/ (Decrease) in Current Liabilities & Provisions	10.63	(23.45)	182.39	(1.95)	103.26	(44.95)
Income Tax Paid	(64.26)	(12.48)	(27.98)	(16.53)	(13.62)	(14.20)
	(916.74)	224.31	(151.83)	192.62	(222.71)	(283.03)
Net Cash inflow / (outflow) in the course of Operating Activities	**(617.32)**	**981.83**	**163.61**	**372.40**	**(90.91)**	**(98.52)**
II Cash flow arising from Investing Activities						
Inflow / (Outflow) on account of:						
Interest Income	21.74	18.59	3.80	4.00	27.00	11.04
Fixed Assets (Net)	(46.69)	(155.20)	(119.05)	(609.76)	37.43	(125.83)
Investments (Net)	11.32	(122.86)	(6.58)	(49.23)	4.61	124.28
(Increase) / Decrease in Loans & Advances	(509.44)	(154.13)	19.93	(76.39)	(9.52)	(16.49)
Net Cash inflow/(outflow) in the course of Investing Activities	**(523.07)**	**(413.60)**	**(101.90)**	**(731.38)**	**59.52**	**(7.00)**
III Cash flow arising from Financing Activities						
Inflow / (outflow) on account of :						
Proceeds from issue of Shares	-	10.00	-	-	-	-
Increase / (Decrease) in Secured Loan	1704.34	(505.72)	176.88	493.96	60.99	125.41
Increase / (Decrease) in Unsecured Loan	13.69	(103.46)	16.87	39.13	8.06	19.09
Interest & Finance Charges	(126.19)	(71.78)	(96.68)	(98.18)	(19.36)	(60.60)
Dividend Paid	(72.00)	(40.00)	(20.00)	(20.00)	(10.00)	(10.00)
Tax on Dividend	(10.10)	(5.23)	(2.56)	(2.56)	-	(1.02)
Share Issue Expenses	(31.66)	-	-	-	-	-
Net Cash inflow / (outflow) in the course of Financing Activities	**1478.08**	**(716.19)**	**74.51**	**412.35**	**39.69**	**72.88**
Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)	**337.69**	**(147.96)**	**136.22**	**53.37**	**8.30**	**(32.64)**
Add : Cash and Cash Equivalents at the beginning of the year / period	51.55	199.51	63.29	9.92	1.62	34.26

Cash and cash Equivalents at the end of the year / period	**389.24**	**51.55**	**199.51**	**63.29**	**9.92**	**1.62**
Reconciliation of Cash and Bank Balances :						
Cash and Bank Balances	706.54	51.55	199.51	63.29	9.92	1.62
Less :						
- Margin Money Balances	(17.30)	-	-	-	-	-
- Fixed Deposit pledged towards Bank Overdraft Facility	(300.00)	-	-	-	-	-
Cash and Cash Equivalent at the end of the period	**389.24**	**51.55**	**199.51**	**63.29**	**9.92**	**1.62**

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Million)

	Particulars	**As at 30th November, 2006**	**As at 31st March,**				
			2006	**2005**	**2004**	**2003**	**2002**
A	**Fixed Assets:**						
	Gross Block	1018.78	1024.59	874.47	755.51	138.55	148.92
	Less: Depreciation	158.23	161.30	117.53	47.30	18.30	10.94
	Net Block	**860.55**	**863.29**	**756.94**	**708.21**	**120.25**	**137.98**
B	Capital Work in Progress	27.03	**-**	**-**	**-**	**-**	**-**
C	Investments	**283.44**	**212.77**	**94.85**	**70.75**	**47.33**	**24.49**
D	Current Assets, Loans and Advances						
	Inventories	1590.81	1156.57	1280.84	989.99	1256.38	918.01
	Less: Revaluation Reserve	-	-	-	2.57	2.57	7.03
		1590.81	1156.57	1280.84	987.42	1253.81	910.98
	Sundry Debtors	58.40	32.75	40.94	25.10	53.31	58.45
	Cash and Bank Balances	896.23	56.71	202.88	68.46	12.24	3.99
	Loans and Advances	2817.31	345.72	258.49	231.39	133.29	137.49
	Other Current Assets	**-**	**-**	**-**	**-**	0.11	0.06
		5362.75	**1591.75**	**1783.15**	**1312.37**	**1452.76**	**1110.97**
E	Liabilities and Provisions						
	Secured Loans	2544.43	891.15	1376.92	1172.24	726.20	657.71
	Unsecured Loans	2207.55	65.85	136.76	85.06	92.20	58.88
	Current Liabilities and Provisions	581.38	626.64	597.72	408.79	435.48	294.57
		5333.36	**1583.64**	**2111.40**	**1666.09**	**1253.88**	**1011.16**
F	Deferred Tax Liability	**2.59**	**6.43**	**9.14**	**0.45**	**0.29**	-
G	Minority Interest	**1.87**	**4.93**	**2.15**	**1.95**	**2.62**	**3.22**
H	Net Worth (A+B+C+D-E-F-G)	**1195.95**	**1072.81**	**512.25**	**422.84**	**363.55**	**259.06**
I	**Represented by**						
	1. Share Capital	600.00	480.00	20.00	20.00	20.00	5.00
	2. Reserves	627.62	592.81	492.26	405.42	346.13	261.10
	Less : Revaluation Reserve	**-**	**-**	**-**	2.57	2.57	7.03
		627.62	592.81	492.26	402.85	343.56	254.07
	3. Less : Miscellaneous Expenditure	31.67	-	0.01	0.01	0.01	0.01
J	Net Worth (I1 + I2 - I3)	**1195.95**	**1072.81**	**512.25**	**422.84**	**363.55**	**259.06**

SUMMARY STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED

(Rs. In Million)

Particulars	As at 30th November, 2006	As at 31st March, 2006	2005	2004	2003	2002
Income						
Sales and other Operating Income	726.48	2032.63	674.63	500.67	539.55	397.47
Other Income	14.36	20.19	12.27	25.28	20.86	11.10
Total Income	**740.84**	**2052.82**	**686.90**	**525.95**	**560.51**	**408.57**
Expenditure						
Purchase of Transferable Development Rights(TDR) for Trade	33.60	-	-	-	-	-
Less : Closing Inventory of TDR Purchased for Trade	(33.60)	-	-	-	-	-
Cost of Construction	233.24	1215.82	334.38	291.58	354.56	198.80
Employment Costs	36.33	12.91	4.50	4.50	0.30	0.30
Interest and Finance Charges	129.98	66.92	99.20	65.77	40.06	32.62
Administrative Selling and General Expenses	119.69	39.32	24.89	47.19	18.47	13.92
Depreciation	41.39	47.98	70.67	28.91	7.36	8.36
Total Expenditure	**560.63**	**1382.95**	**533.64**	**437.95**	**420.75**	**254.00**
Net Profit before Tax	**180.21**	**669.87**	**153.26**	**88.00**	**139.76**	**154.57**
Less : Taxation(Including Fringe Benefit Tax)	31.44	34.39	12.47	7.23	12.62	12.06
Less : Provision for Deferred Tax [Charge/(Credit)]	(3.85)	(2.71)	8.69	0.17	0.13	-
Net Profit after Tax	**152.62**	**638.19**	**132.10**	**80.60**	**127.01**	**142.51**
Share of Profit(Loss) from Associates	(0.52)	0.03	0.28	0.45	0.40	0.32
Share of Minority Interest [(Profit)/Loss]	0.02	(2.16	(0.47)	0.78	(0.37)	-
Pre-acquisition (Profit) /Loss	(6.38)	(0.11)	0.06	-	(0.01)	-
Net Profit Before Exceptional Items	**145.74**	**635.95**	**131.97**	**81.83**	**127.03**	**142.83**
Exceptional Items :						
Less : Loss on Sale of Subsidiaries & Dilution in	-	1.94	-	-	-	-
holding in Associates						
Less : Goodwill on Acquisition Written Off	0.17	0.82	0.07	-	-	0.05
Net Profit After Exceptional Items	**145.57**	**633.09**	**131.90**	**81.83**	**127.03**	**142.78**

STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED

(Rs. In Million)

Particulars	As at 30th November, 2006	As at 31st March, 2006	2005	2004	2003
I Cash flow arising from Operating Activities ;					
Net Profit before tax as per Profit and Loss Account	**180.21**	**669.87**	**153.26**	**88.00**	**139.76**
Add / (Deduct) :					
Interest & Finance Charges	129.98	66.92	99.20	65.77	40.06
Depreciation	41.39	47.98	70.67	28.91	7.36
(Profit) / Loss on Sale of Fixed Assets	-	0.20	-	(2.34)	(27.02)
Pre-acquisition (Profit) / Loss	(6.38)	(0.11)	0.06	-	(0.01)
Interest Income	(10.81)	(18.59)	(3.80)	(4.00)	(20.86)
Operating Profit before Working Capital Changes	**334.39**	**766.27**	**319.39**	**176.34**	**139.29**
Working Capital Adjustment :					
(Increase)/ Decrease in inventory	(434.24)	124.27	(290.85)	266.39	(338.37)
(Increase)/ Decrease in other Current Assets	(317.30)	-	-	0.10	(0.05)
(Increase)/ Decrease in Sundry Debtors	(25.65)	8.19	(15.83)	28.20	5.15
Increase/ (Decrease) in Current Liabilities	4.29	(8.29)	166.27	(26.69)	128.34
Income Tax Paid	(66.38)	(13.62)	(28.68)	(16.85)	(14.49)
	(839.28)	**110.55**	**(169.09)**	**251.15**	**(219.42)**
Net Cash inflow / (outflow) in the course of Operating Activities	**(504.89)**	**876.82**	**150.30**	**427.49**	**(80.13)**
II Cash flow arising from Investing Activities					
Inflow / (Outflow) on account of:					
Interest Income	10.86	18.59	3.80	4.00	20.86
Fixed Assets (Net) (Refer Note)	(59.65)	(155.49)	(119.60)	(614.39)	32.13
Investments (Net)	(71.18)	(119.59)	(23.81)	(22.97)	(22.44)
(Increase) / Decrease in Loans & Advances	(2406.55)	(107.67)	(10.88)	(88.48)	6.07
Net Cash inflow/(outflow) in the course of Investing Activities	**(2526.52)**	**(364.16)**	**(150.49)**	**(721.84)**	**36.62**
III Cash flow arising from Financing Activities					
Inflow / (outflow) on account of :					
Proceeds from issue of Shares	-	10.00	-	-	-
Increase / (Decrease) in Secured Loan	1654.34	(481.01)	202.17	478.46	47.83
Increase / (Decrease) in Unsecured Loan	2139.37	(70.90)	51.69	(7.15)	33.33
Interest & Finance Charges	(126.32)	(71.69)	(96.69)	(98.18)	(19.40)
Dividend Paid	(72.00)	(40.00)	(20.00)	(20.00)	(10.00)
Tax on Dividend	(10.10)	(5.23)	(2.56)	(2.56)	-
Share Issue Expenses	(31.66)	-	-	-	-
Net Cash inflow / (outflow) in the course of Financing Activities	**3553.63**	**(658.83)**	**134.61**	**350.57**	**51.76**
Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)	**522.22**	**(146.17)**	**134.42**	**56.22**	**8.25**
Add : Cash and Cash Equivalents at the beginning of the year / period	56.71	202.88	68.46	12.24	3.99
Cash and cash Equivalents at the end of the year / period	**578.93**	**56.71**	**202.88**	**68.46**	**12.24**
Reconciliation of Cash and Bank Balances :					
Cash and Bank Balances	896.23	56.71	202.88	68.46	12.24
Less					
- Margin Money Balances	(17.30)	-	-	-	-
- Fixed Deposit pledged towards Bank Overdraft Facility	(300.00)	-	-	-	-
Cash and Cash Equivalent at the end of the period	**578.93**	**56.71**	**202.88**	**68.46**	**12.24**

THE ISSUE

Public Issue of our Equity Shares:

Which comprises:	
Issue:	6,700,000 Equity Shares.
Of which:	
Qualified Institutional Buyers Portion:	At least 4,020,000 Equity Shares (allocation on proportionate basis) out of which 5% of the QIB Portion or 201,000 Equity Shares (assuming the QIB Portion is 60% of the Issue) shall be available for allocation on a proportionate basis to Mutual Funds only (Mutual Funds Portion).
Non-Institutional Portion:	Not less than 670,000 Equity Shares available for allocation on proportionate basis.
Retail Portion:	Not less than 2,010,000 Equity Shares available for allocation on proportionate basis.
Equity Shares outstanding prior to the Issue:	60,000,000 Equity Shares
Equity Shares outstanding post the Issue	66,700,000 Equity Shares
Use of Proceeds:	See the section titled "Objects of the Issue" on page 36.

GENERAL INFORMATION

Registered Office of our Company

Akruti Nirman Limited
Akruti Trade Centre, Road No. 7,
Marol MIDC, Andheri (East),
Mumbai – 400 093,
Maharashtra, India

Our Company is registered with the Registrar of Companies, Maharashtra, situated at Everest, 100 Marine Drive, Mumbai – 400 002, Maharashtra, India.

The registration number of our Company is 11- 50688 and the Company Identification Number of our Company is U 45200 MH 1989 PTC 050688.

Board of Directors

The following persons constitute our Board of Directors:

1 Mr. Hemant M. Shah, Executive Chairman;
2 Mr. Vyomesh M. Shah, Managing Director;
3 Mr. Madhukar Chobe, Executive Director;
4 Mr. D. R. Kaarthikeyan, Independent Director;
5 Mr. P H Ravikumar, Independent Director;
6 Mr. Shailesh Haribhakti, Independent Director; and
7 Mr. Shailesh Bathiya, Independent Director.

For further details of our Chairman, Managing Director and other Directors, see the section titled "Our Management" on page 96 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Chetan S. Mody
Akruti Trade Centre, Road No. 7,
Marol MIDC, Andheri (East),
Mumbai – 400 093,
Maharashtra, India
Tel: +91 22 6703 74 27; +91 22 6703 7400
Fax: +91 22 2821 8230
Email: ipo@akrutiestate.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of Allotted Equity Shares in the respective beneficiary account or non receipt of refund orders or refund amounts, etc.

Legal Advisors to the Issue

Domestic Legal Counsel to the Company

AZB & Partners
Express Towers,
23rd Floor,
Nariman Point,
Mumbai – 400 021, India.
Tel: +91 22 6639 6880
Fax: +91 22 6639 6888

Domestic Legal Counsel to the Underwriters

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Peninsula Chambers, Peninsula Corporate Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai – 400 013, India
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

International Legal Counsel to the Underwriters

Linklaters
One Silk Street,
London EC2Y 8HQ,
United Kingdom
Tel: +44 20 7456 2000
Fax: +44 20 7456 2222

Bankers to the Issue

Deutsche Bank AG
Kodak House
222, Dr. D. N. Road
Fort
Mumbai 400 001
India
Tel: +91 22 6658 4045
Fax: +91 22 2207 6553
Contact person: Shyamal Malhotra
E-mail: shyamal.malhotra@db.com

HDFC Bank Limited
26 A, Narayan Properties
Chandivili Farm Road, Chandivili
Sakinaka
Andheri
Mumbai 400 072
India
Tel: +91 22 2856 9228
Fax: +91 22 2856 9256
Contact Person: Viral Kothari
E-mail: viral.kothari@hdfcbank.com

The Hongkong and Shanghai Banking Corporation Limited
52/60 Mahatma Gandhi Road
Mumbai 400 051
India
Tel: +91 22 2268 5568
Fax: +91 22 2262 3890
Contact person: Zersis Irani
E-mail: zersisirani@hsbc.co.in

Standard Chartered Bank
90 M.G.Road, Fort
Mumbai 400 001
India
Tel No: +91 22 2207 4582
Fax No: +91 22 2201 9208
Contact Person: Shobha Iyer
Email: Shobha.Iyer@in.standaradchartered.com

Bankers to the Company

Canara Bank
Near Midland Hotel, Santacruz (E) Nehru Road, Mumbai-400 055
India
Tel: +91 22 619 18 01
Fax: +91 22 2619 18 01

Punjab National Bank
Linking Road, Bandra (W),
Mumbai-400 050,
India
Tel: +91 22 2655 9539
Fax: + 91 22 2642 04 56

Corporation Bank
IFB, Bharat House,104, B. S. Marg, Fort,
Mumbai-400 023
India.
Tel: +91 22 2267 0030
Fax: + 91 22 2267 53 09

Union Bank of India
Princess Street Branch, Devkaran Mansion,
Shamaldas Gandhi Marg,
Mumbai-400 002
India.
Tel: +91 22 2208 3805
Fax: + 91 22 2206 0461

HDFC Bank Limited
Ahura Centre, Ground Floor, Mahakali Caves Road, Andheri(E),
Mumbai- 400093
India.
Tel: +91 22 5574 2545
Fax: + 91 22 28262758

Bank of Baroda
Corporate Financial Services branch II
4th floor, 10/12, Mumbai Samachar Marg,
Fort, Mumbai – 400 001
India.
Tel: +91 22 2202 1433
Fax: + 91 22 2202 1445

Bank of India
Ghatkopar (West) Branch, Desai Niwas,
M.G.Road,
Mumbai-400 086
India.
Tel: +91 22 2514 8853
Fax: + 91 22 2514 8854

State Bank of India
M.I.D.C. Branch, Plot No.B-1, Marol Central Road., Andheri (East),
Mumbai-400 093
India.
Tel: +91 22 2836 4730
Fax: + 91 22 2836 2393

ICICI Bank Limited
Free Press Building Free Press Journal. Road,

Bankers to the Company

Nariman Point,
Mumbai, 400 021,
India.
Tel: +91 22 2285 3599

Book Running Lead Managers

J.P. Morgan India Private Limited
Mafatlal Centre, 9th Floor, Nariman Point
Mumbai 400 021
India
Tel: + 91 22 2285 5666
Fax: + 91 22 6639 3091
Email: akruti_ipo@jpmorgan.com
Website: www.jpmipl.com
Contact Person: Naheed Ghazi

Enam Financial Consultants Private Limited
801, Dalamal Tower, Nariman Point
Mumbai 400 021
India
Tel: + 91 22 6638 1800
Fax: + 91 22 2284 6824
Email: akrutiipo@enam.com
Website: www.enam.com
Contact Person: Sachin K. Chandiwal

Syndicate Members

J.P. Morgan India Private Limited
Mafatlal Centre, 9th Floor, Nariman Point
Mumbai 400 021
India
Tel: + 91 22 2285 5666
Fax: + 91 22 6639 3091
Email: akruti_ipo@jpmorgan.com
Website: www.jpmipl.com
Contact Person: Naheed Ghazi

Enam Securities Private Limited
Khatau Building,
44B, Bank Street
Off Shahid Bhagat Singh Road
Fort, Mumbai 400 001
Tel: +91 22 2267 7901
Fax: +91 22 2266 5613
Website: www.enam.com
Email: akrutiipo@enam.com
Contact person: Mr. M. Natarajan

Registrar to the Issue

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup West,
Mumbai 400 078, India
Tel: +91 22 2596 0320 (9 lines)
Fax : +91 22 2596 0329
Contact Person : Vishwas Attavar
Email : anl-ipo@intimespectrum.com
Website: www.intimespectrum.com

Statutory Auditors

M/s Dalal & Shah
Chartered Accountants
49-55, Bombay Samachar Marg,
Fort, Mumbai – 400 023, India.
Tel: +91 22 2266 2110
Fax: +91 22 2266 1503
Email: shishirdalal@dalalandshah.com

M/s Viral D. Doshi & Co.
Chartered Accountants
203, Sharda Chambers No. 1,
31, Keshavji Naik Road, Narshi Natha Street,
Masjid Bunder, Mumbai – 400 009, India.
Tel: +91 22 5631 40 19 / 2377 53 81
Fax: +91 22 2649 40 34
Email: viraldoshi@rediffmail.com

Statement of Inter se Allocation of Responsibilities for the Issue

	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as type of instruments etc.	JP Morgan, ENAM,	ENAM
2.	Due diligence of our Company's operations/ management/ business plans/ legal etc. Drafting and design of the Draft Red Herring Prospectus and statutory advertisement including memorandum containing salient features of the Prospectus. The BRLM and Co-BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same.	JP Morgan, ENAM,	JP Morgan
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, corporate films etc.	JP Morgan, ENAM,	JP Morgan
4	Appointment of intermediaries	JP Morgan, ENAM,	ENAM
5	Institutional Marketing of the Offer, which will cover, *inter alia,* • Preparing roadshow presentation and FAQs • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules	JP Morgan, ENAM,	JP Morgan
6	Non-Institutional and Retail Marketing of the Offer, which will cover, *inter alia,* • Formulating marketing strategies, preparation of publicity budget; • Finalizing Media and PR strategy; • Finalizing centres for holding conferences for brokers etc.; • Finalizing collection centres; • Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material; and • Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading	JP Morgan, ENAM	ENAM

	Activities	Responsibility	Co-ordinator
7	The post bidding activities including management of escrow accounts, coordination non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post Offer activities will involve essential follow up steps, which include the finalization of listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Offer and Bankers to the Offer and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company.	JP Morgan, ENAM,	ENAM

Credit Rating

As the Issue is of equity shares, credit rating is not required.

Issue Grading

We have not opted for the grading of this Issue.

Monitoring Agency

We are not required to appoint a Monitoring Agency in terms of clause 8.17.1 of the SEBI DIP Guidelines, as the total issue size does not exceed Rs. 500 crores. However in terms of the requirements stipulated by the Stock Exchanges, we have appointed Canara Bank as the Monitoring Agency.

Canara Bank
Varma Chambers
11, Homji Street, Fort
Mumbai 400 001
Tel: +91 22 2267 7405
Fax: +91 22 2267 7404
E-mail: mbdcomcity@canbank.co.in
Contact Person: Suresh Gadhwal

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Book Building Process

Book Building Process refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

1. The Company;
2. BRLMs;

3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE/BSE and eligible to act as underwriters. Syndicate Members are appointed by the Managers; and
4. Registrar to the Issue.

In terms of Rule 19(2)(b) of the SCRR, the Issue is being made through the 100% Book Building Process, wherein at least 60% of Issue shall be Allotted on a proportionate basis to QIBs. Of the QIB Portion, 5% would be available for allocation to Mutual Funds. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded herewith. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are required to pay 10% margin amount upon submission of their Bid and allocation to QIBs shall be on a proportionate basis. For further details please refer to the section titled "Issue Procedure" on page 358 of this Red Herring Prospectus.

Our Company shall comply with guidelines issued by SEBI for this Issue. In this regard, our Company has appointed J.P. Morgan India Private Limited and Enam Financial Consultants Private Limited as the Book Running Lead Managers to manage the Issue and to procure subscription to the Issue.

Illustration of Book Building and Price Discovery Process *(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to this Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 40 to Rs. 48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com). The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Number of equity shares bid for	Bid Price (Rs.)	Cumulative equity shares bid	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,800	42	6,100	101.67%
800	41	6,900	115.00%
1,200	40	8,100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off, i.e. Rs. 42 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut off price, i.e. at or below Rs. 42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

The process of Book Building under SEBI Guidelines is subject to change from time to time and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Steps to be taken for bidding:

(1) Check eligibility for making a Bid (see section titled "Issue Procedure" on page 354 of this Red Herring Prospectus).

(2) Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.

(3) If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN cards or PAN allotment letter to the Bid cum Application Form (see section titled "Issue Procedure" on page 358 of this Red Herring Prospectus).

(4) Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions precedent to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
Syndicate Members	[●]	[●]
[●]	[●]	[●]

The above mentioned amount is provided for indicative purposes only and will be finalized after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●], 2006.

In the opinion of the Board of Directors (based on certificates dated [●] given to them by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchanges. The above Underwriting Agreement has been accepted by the Board of Directors and our Company has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/ subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE

Our share capital as at the date of this Red Herring Prospectus is set forth below:

	Aggregate nominal value (Rs. million)	Aggregate Value at Issue Price (Rs. million)
A. Authorised Capital*		
125,000,000 Equity Shares of Rs. 10/-	1,250	[●]
B. Issued, Subscribed and Paid-Up Equity Share Capital prior to the Issue:		
60,000,000 Equity Shares of Rs. 10/- each	600	[●]
C. Issue in terms of the Red Herring Prospectus**		
6,700,000 Equity Shares of Rs. 10/- each	67	[●]
D. Issued, Subscribed and Paid-Up Capital post the Issue:		
66,700,000 Equity Shares of Rs. 10/- each	667	[●]
E. Share Premium Account		
Prior to the Issue	Nil	
Post the Issue	[●]	

* The authorised share capital of our Company was increased from Rs. 100,000 divided into 1,000 Equity Shares of Rs.100/- each to Rs. 1,000,000 divided into 10,000 Equity Shares of Rs. 100/- each through a resolution of the shareholders of the Company dated June 24, 1993.

The authorised share capital of the Company was further increased from Rs. 1,000,000 divided into 10,000 Equity Shares of Rs.100/- each to Rs. 2,500,000 divided into 25,000 Equity Shares of Rs. 100/- each through a resolution of the shareholders of the Company dated July 25, 1994.

The authorised share capital of the Company was further increased from Rs. 2,500,000 divided into 25,000 Equity Shares of Rs.100/- each to Rs. 5,000,000 divided into 50,000 Equity Shares of Rs. 100/- each through a resolution of the shareholders of the Company dated January 21, 1997.

The authorised share capital of the Company was then increased from Rs. 5,000,000 divided into 50,000 Equity Shares of Rs.100/- each to Rs. 20,000,000 divided into 200,000 Equity Shares of Rs. 100/- each through a resolution of the shareholders of the Company dated October 8, 1998.

The face value of the Equity Shares of the Company was sub – divided into the face value of Rs. 10/- each through a resolution of the shareholders of the Company dated February 13, 2002.

The authorised share capital of the Company was then increased from Rs. 20,000,000 divided into 2,000,000 Equity Shares of Rs.10/- each to Rs. 50,000,000 divided into 5,000,000 Equity Shares of Rs. 10/- each through a resolution of the shareholders of the Company dated May 7, 2004.

The authorised share capital of the Company was then increased from Rs. 50,000,000 divided into 5,000,000 Equity Shares of Rs.10/- each to Rs. 200,000,000 divided into 20,000,000 Equity Shares of Rs. 10/- each through a resolution of the shareholders of the Company dated April 13, 2005.

The authorised share capital of our Company was then increased from Rs. 200,000,000 divided into 20,000,000 Equity Shares of Rs.10/- each to Rs. 1,250,000,000 divided into 125,000,000 Equity Shares of Rs. 10/- each through a resolution of the shareholders of the Company dated January 27, 2006.

** The Issue has been authorized pursuant to the resolutions of our Board and shareholders dated April 20, 2006 and May 8, 2006 respectively.

Notes to the Capital Structure

1. Share Capital History of our Company:

Date of Allotment	No. Equity Shares	Issue Price per Equity Share (In Rs.)	Face Value per Equity Share (In Rs.)	Consideration (In cash or other than cash)	Reason for Allotment	Cumulative Share Premium (In Rs.)	Cumulative Share Capital (In Rs.)
February 16, 1989	20	100	100	Cash	Subscription to the Memorandum	Nil	2,000
February 2, 1990	900	100	100	Cash	Further allotment to Girish Verma, Sunita Girish Verma, Rushank V. Shah and Khilen V. Shah	Nil	92,000
March 30, 1994	8,120	100	100	Cash	Further allotment to Laxmikant Babladi, Asha Babladi, Rajesh Babladi, Satish Babladi, Jyoti Babladi, Hemant Shah, Vyomesh Shah, Kunjal Shah, Falguni Shah and Lata Shah.	Nil	904,000
March 27, 1995	1,960	100	100	Cash	Further alltoment to Mahipatray Shah, Mahipatray shah (HUF), Falguni shah, Hemant shah and Kushal Shah	Nil	1,100,000
August 7, 1995	3000	100	100	Cash	Further allotment to	Nil	1,400,000

Date of Allotment	No. Equity Shares	Issue Price per Equity Share (In Rs.)	Face Value per Equity Share (In Rs.)	Consideration (In cash or other than cash)	Reason for Allotment	Cumulative Share Premium (In Rs.)	Cumulative Share Capital (In Rs.)
					Asha Babladi, Rajesh Babladi, Satish Babladi, Jyoti Babladi and Manisha Dani.		
September 30, 1996	11,000	100	100	Cash	Further allotment to Laxmikant Babladi, Mahipatray Shah (HUF), Hemant Shah (HUF) and Kushal Shah.	Nil	2,500,000
February 21, 1997	25,000	100	100	Cash	Further allotment to Hemant M. Shah HUF, Vyomesh M. Shah HUF, Kunjal H Shah, Falguni V Shah, Lata M. Shah and M V Shah HUF	Nil	5,000,000
The face value of the Equity Shares of the Company was sub – divided into the face value of Rs. 10/- each through a resolution of the shareholders of the Company dated February 13, 2002.							
September 27, 2002	1,500,000	0	10	Bonus	Pursuant to issue of Bonus Shares in the ratio of 3:1	Nil	20,000,000
January 6, 2006	1,000,000	10	10	Cash	Pursuant to rights issue	Nil	30,000,000
January 31, 2006	45,000,000	0	10	Bonus	Pursuant to issue of Bonus Shares in the ratio of 15:1	Nil	480,000,000
May 12, 2006	12,000,000	0	10	Bonus	Pursuant to issue of Bonus Shares in the ratio of 1:4	Nil	600,000,000

Other than as mentioned in the table above, we have not made any issue of shares during the preceding one year.

2. Promoters' Contribution and Lock-in

Name of the Promoter	Date of Acquisition/ Transfer	Consideration	No. of Equity Shares	Face Value (Rs.)	Issue (Rs.)	Cumulative shareholding	Mode of Acquisition	Percentage of Post Issue Capital
Mr. Hemant M. Shah	February 16, 1989	Cash	10	100.00	100.00	10	Acquired pursuant to subscription to the memorandum of association	0.00
	March 30, 1994	Cash	750	100.00	100.00	760	Subscription to further issue of capital by our Company	0.00
	March 27, 1995	Cash	250	100.00	100.00	1,010	Subscription to further issue of capital by our Company	0.00
	August 20, 1999	Cash	5,760	100.00	100.00	6,770	Acquisition by transfer	0.01
	May 14, 2002	Nil	67,700	10.00	Nil	67,700	New share Certificates issued consequent upon sub-division of the face value of Share from Rs.100 per share to Rs.10 per share	0.10
	September 27, 2002	Capitalisation of reserves	203,100	10.00	Nil	270,800	Bonus Issue in the ratio of 3:1	0.30
	January 6, 2006	Cash	10,000	10.00	10.00	280,800	Subscription to Right Issue	0.01
	January 31, 2006	Capitalisation of reserves	4,212,000	10.00	Nil	4,492,800	Bonus Issue in the ratio of 15:1	6.31
	May 12, 2006	Capitalisation of reserves	1,123,200	10.00	Nil	5,616,000	Bonus Issue in the ratio of 1:4	1.68
	May 12, 2006	Cash	184,000	10.00	10.00	5,800,000	Acquisition by transfer	0.28
Sub Total (A)			**5,800,000**					**8.69**
Mr. Vyomesh M. Shah	February 16, 1989	Cash	10	100.00	100.00	10	Acquired pursuant to subscription to the memorandum of association	0.00

Name of the Promoter	Date of Acquisition/ Transfer	Consideration	No. of Equity Shares	Face Value (Rs.)	Issue (Rs.)	Cumulative shareholding	Mode of Acquisition	Percentage of Post Issue Capital
	March 30, 1994	Cash	500	100.00	100.00	510	Subscription to further issue of capital by our Company	0.00
	August 20, 1999	Cash	5,760	100.00	100.00	6,270	Acquisition by transfer	0.01
	May 14, 2002	Nil	62,700	10.00	Nil	62,700	New share Certificates issued consequent upon sub-division of the face value of Share from Rs.100 per share to Rs.10 per share	0.09
	September 27, 2002	Capitalisation of reserves	188,100	10.00	Nil	250,800	Bonus Issue in the ratio of 3:1	0.28
	January 6, 2006	Cash	116,800	10.00	10.00	367,600	Subscription to Right Issue	0.18
	January, 31, 2006	Capitalisation of reserves	5,514,000	10.00	Nil	5,881,600	Bonus Issue in the ratio of 15:1	8.27
	May 12, 2006	Capitalisation of reserves	1,470,400	10.00	Nil	7,352,000	Bonus Issue in the ratio of 1:4	2.20
	May 12, 2006	Cash	188,000	10.0	10.00	7,540,000	Acquisition by transfer	0.28
Sub Total (B)			**7,540,000**					**11.31**
Total (A+B)			**13,340,000**					**20.00***

* *The Equity Shares being locked-in for a period of three years from the date of Allotment and which have been issued for consideration other than cash have been issued through a bonus issue made out of accumulated profits and free reserves and are not from a bonus issue out of a revaluation reserves or reserves without accrual of cash resources.*

All Equity Shares, which are being included for computation of promoters' contribution and three-year lock-in are locked-in and are not ineligible for such purposes under Clause 4.6 of the SEBI Guidelines.

3. Share capital locked-in for one year

In addition to the lock-in of the Promoter's contribution specified above, our entire pre-Issue Equity Share capital will be locked-in for a period of one year from the date of Allotment. The total number of Equity Shares which are locked-in for one year is 53,360,000 Equity Shares.

4. Other requirements in respect of lock-in:

In terms of Clause 4.15 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of such shares is one of the terms of sanction of loan.

In terms of Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than Promoters, prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, in terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to a new promoter or persons in control of the Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with SEBI Guidelines, as amended from time to time.

5. Shareholding Pattern of our Company

The table below represents the shareholding pattern of our Company

Name of Shareholder	Number of Equity Shares held prior to the Issue	Pre-Issue percentage of Equity Share Capital (%)	Number of Equity Shares held post the Issue*	Post-Issue percentage of Equity Share Capital (%)
Promoters				
Vyomesh M. Shah	7,540,000	12.57	7,540,000	11.30
Hemant M. Shah	5,800,000	9.66	5,800,000	8.70
Sub-Total	13,340,000	22.23	13,340,000	20.00
Promoter Group				
Mahipatray V. Shah – HUF	7,200,000	12.00	7,200,000	10.79
Hemant M. Shah – HUF	68,92,000	11.49	68,92,000	10.33
Falguni V. Shah	6,360,000	10.60	6,360,000	9.54
Kunjal H. Shah	5,308,000	8.85	5,308,000	7.96
Vyomesh M. Shah – HUF	4,100,000	6.83	4,100,000	6.15
Kushal H. Shah	3,600,000	6.00	3,600,000	5.40
Khilen V. Shah	3,600,000	6.00	3,600,000	5.40
Rushank V. Shah	3,600,000	6.00	3,600,000	5.40
Lata M. Shah	2,400,000	4.00	2,400,000	3.60
Mahipatray V. Shah**	600,000	1.00	600,000	0.90
Ukay Valve & Founders Private Limited	3,00,000	0.50	3,00,000	0.45
Sita Power Limited	3,00,000	0.50	3,00,000	0.45
Nutritious Agro	3,00,000	0.50	3,00,000	0.45

Name of Shareholder	Number of Equity Shares held prior to the Issue	Pre-Issue percentage of Equity Share Capital (%)	Number of Equity Shares held post the Issue*	Post-Issue percentage of Equity Share Capital (%)
Food Limited				
Tulsyan Krishi Limited	3,00,000	0.50	3,00,000	0.45
Kamal Bakery Private Limited	3,00,000	0.50	3,00,000	0.45
Vishwajeet Consultancy Private Limited	3,00,000	0.50	3,00,000	0.45
Saicharan Consultancy Private Limited	3,00,000	0.50	3,00,000	0.45
Devraj Consultancy Private Limited	3,00,000	0.50	3,00,000	0.45
Devkrupa Consultancy Private Limited	3,00,000	0.50	3,00,000	0.45
Real Technology Machinery Private Limited	3,00,000	0.50	3,00,000	0.45
Sub-Total	46,660,000	77.77	46,660,000	69.97
Total Promoter Group Holding	**60,000,000**	**100.00**	**60,000,000**	**89.96**
Non-Promoter				
Employees	-	-	-	
Total Non-Promoter Group Holding	-	-		
Public (Pursuant to the Issue)	-	-	**6,700,000**	**10.04**
	-	-		
Total Pre Issue Share Capital	**60,000,000**	**100.00**	**66,700,000**	**100.00**

* *This is based on the assumption that such shareholders shall continue to hold the same number of Equity Shares after the Issue. This does not include any Equity Shares that such shareholders may subscribe for and be allotted in the Issue.*

** *The said shareholding is currently under probate due to the death of Mr. Mahipatray V. Shah.*

4. Our Company, our Directors, our Promoters and the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.

5. The list of our top 10 shareholders of our Company and the number of Equity Shares held by them is as under:

   (a) Ten days prior to the filing of the Red Herring Prospectus and on the date of filing of this Red Herring Prospectus.

Sr. No.	Name of Shareholders	Number of Equity Shares
1.	Vyomesh M. Shah	7,540,000
2.	Mahipatray V. Shah - HUF	7,200,000
3.	Hemant M. Shah - HUF	6,892,000
4.	Falguni V. Shah	6,360,000

Sr. No.	Name of Shareholders	Number of Equity Shares
5.	Hemant M. Shah	5,800,000
6.	Kunjal H. Shah	5,308,000
7.	Vyomesh M. Shah – HUF	4,100,000
8.	Rushank V. Shah	3,600,000
9.	Khilen V. Shah	3,600,000
10.	Kushal H. Shah	3,600,000

(b) Two years before date of filing of this Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of Equity Shares
1.	Hemant M. Shah-HUF	350,000
2.	Mahipatray V. Shah-HUF	340,000
3.	Hemant M. Shah	270,800
4.	Kunjal H. Shah	260,000
5.	Vyomesh M. Shah	250,800
6.	Falguni V. Shah	220,000
7.	Kushal Shah	18,400
8.	Khilen J. Shah	17,200
9.	Vyomesh M.Shah-HUF	148,000
10.	Lata M. Shah	60,000
11.	Rushank V. Shah	44,800
12.	Mahipatray V. Shah	20,000

6. Our Promoters, Promoter group, our Directors or the directors of our Promoter companies have not acquired, purchased or sold any Equity Shares, during a period of six months preceding the date on which this Red Herring Prospectus was filed with SEBI other than as disclosed below:

Transferor	Transferee	Number of Equity Shares	Price per Equity Share (Rs.)	Date of Transfer
Hemant M. Shah HUF	Hemant M. Shah	184,000	10.00	May 12, 2006
Vyomesh M. Shah HUF	Vyomesh M. Shah	188,000	10.00	May 12, 2006
Mahipatray V. Shah HUF	Ukay Valve & Founders Private Limited	300,000	100.00	January 2, 2007
Mahipatray V. Shah HUF	Sita Power Limited	300,000	100.00	January 2, 2007
Mahipatray V. Shah HUF	Nutritious Agro Food Limited	300,000	100.00	January 2, 2007
Mahipatray V. Shah HUF	Tulsyan Krishi Limited	300,000	100.00	January 2, 2007
Mahipatray V. Shah HUF	Kamal Bakery Private Limited	300,000	100.00	January 2, 2007
Mahipatray V. Shah HUF	Vishwajeet Consultancy Private Limited	300,000	100.00	January 2, 2007
Mahipatray V. Shah HUF	Saicharan Consultancy Private Limited	300,000	100.00	January 2, 2007
Mahipatray V. Shah HUF	Devraj Consultancy Private Limited	300,000	100.00	January 2, 2007
Mahipatray V. Shah HUF	Devkrupa Consultancy Private Limited	300,000	100.00	January 2, 2007

Mahipatray V. Shah HUF	Real Technology Machinery Private Limited	300,000	100.00	January 2, 2007

The transfers referred to above were made pursuant to internal restructuring of shareholding among the Promoters and Promoter Group.

7. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

8. Except as disclosed in the section titled "Our Management" on page 96 of this Red Herring Prospectus, none of our Directors and key managerial employees hold any Equity Shares.

9. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.

10. We presently do not intend or propose to alter our capital structure for a period of six months from the date of filing of this Red Herring Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

11. There are no outstanding warrants, options or rights to convert debentures, loans or other instrument into Equity Shares.

12. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

13. As on date of filing the Red Herring Prospectus the total number of Equity Shareholders was 22.

14. We have not raised any bridge loans against the proceeds of the Issue.

15. We have not issued any Equity Shares out of revaluation reserves. Except the bonus issues as set forth in Note 1- "Share Capital History of Our Company" above, we have not issued any equity shares for consideration other than cash.

16. Our Promoters and members of the Promoter group will not participate in this Issue.

17. We have received confirmation from DIPP vide their letter no. 5(6)/2000-FC(Pt.file) dated November 14, 2006 and from RBI vide their letter No. FE.CO.FID/12752/10.78.000/2006-07 dated December 12, 2006 allowing FII participation in the Issue.

18. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of Allotment.

19. At least 60% of the Issue shall be Allotted on a proportionate basis to Qualified Institutional Buyers, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in the Non-Institutional Portion and Retail Individual Portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs.

OBJECTS OF THE ISSUE

The objects of the Issue are to (a) finance acquisition of lands / rights in lands and development rights, (b) finance the construction and development costs for some of our projects under development, (c) repay certain loans of our Company, (d) fund expenditures for general corporate purposes and (e) achieve the benefits of listing on the Stock Exchanges.

The main object clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

We intend to utilize the proceeds of the Issue, after deducting underwriting and management fees, selling commissions and other expenses associated with the Issue ("Net Proceeds"), which is estimated at Rs. [●], for financing the growth of our business.

The details of the utilization of Net Proceeds of this Issue will be as per the table set forth below:

(In Rs. Million)

S. No.	Expenditure Items	Estimated Amount	Estimated Net Proceeds utilization as on March 31,		
			2007	2008	2009
1.	Acquisition of lands / rights in lands or development rights	1,500.0	1,500.0	-	-
2.	Development and construction costs for projects under development and planned projects	1,250.0	300.0	500.00	450.00
3.	Repayment of loans of the Company	250.0	250.0	-	-
4.	General corporate purposes	[•]	[•]	[•]	[•]
5.	Issue related expenses	[•]	[•]	[•]	[•]
	Total	**[•]**	**[•]**	**[•]**	**[•]**

The entire requirement of funds as set out above including expenses associated with the Issue will be met through the proceeds of the Issue. The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in our financial condition, business or strategy, as discussed further below.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and debt.

In addition, the fund requirements are based on the current internal management estimates of our Company. We operate in a highly competitive and dynamic market, and may have to revise our estimates from time to time on account of new projects that we may pursue including any industry consolidation initiatives, such as potential acquisition opportunities. We may also reallocate expenditure to other projects or those projects with earlier completion dates amongst the projects forming part of the objects of the Issue in case of delays in our earmarked projects. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, discontinuing projects currently planned and an increase or decrease in the expenditure for a particular project or land acquisition in relation to current plans, at the discretion of the management of the Company. In case of any shortfall or cost overruns, we intend to meet our estimated expenditure from our cash flow from operations and debt. The net proceeds of the Issue shall be used as per the Objects of the Issue set out in this section.

Details of the Objects

Acquisition of lands / rights in lands and development rights

We recognise that access to land is the most important resource for a real estate developer. While historically we have had access to land development rights through our participation in slum rehabilitation programmes, we believe that our future growth, particularly in areas outside Mumbai, will require us to acquire land in the open market. Accordingly, we intend to utilize a part of the net proceeds of the Issue to finance expenditure for the acquisition of lands / rights in land and development rights, directly or through various subsidiaries or other forms of investment.

For details of our business, see the section titled "Our Business" on page 62.

We propose to acquire lands / rights in lands or development rights in Mumbai aggregating to 447,880 million square feet. These sites are at various stages of identification and acquisition and are as set forth below:

S. No.	Location of the Project	Land Area (sq. ft)	Total cost of Land (In Rs. million)	Amount Paid as on November 30, 2006* (In Rs. million)	Amount Payable as on November 30, 2006 (In Rs. million)	Name of Vendor	Status of acquisition
1	Prabhadevi, Mumbai	213,763.0	1,440.00[1]	-	1,440.00	Chaitra Realty Limited[2]	Executed an MOU[2]
2	Bhandup, Mumbai	234,117.0	120.10	10.00	110.10	National Industrial Corporation[3]	Executed an MOU[3]
	Total	447,880.0	1560.1	10.00	1550.10		

**As per Certificate from Viral D. Doshi & Co., Chartered Accountants, dated December 30, 2006.*

1. *This represents the price payable by us as the project is being undertaken in collaboration with another party.*

2. *See the section titled "Vishal Nirman Private Limited – Memorandum of Understanding in respect of the acquisition of Chaitra Realty Limited-History and Certain Corporate Matters" on page 135 of this Red Herring Prospectus.The project involves the purchase of shares of Chaitra Realty Limited and this project does not involve direct acquisition of land by the Company. The acquisition of shares has not been completed as of date.*

3. *Dated June 07, 2006 with M/s. National Industrial Corporation. The project does not involve any acquisition of land by the Company and it is proposed that the Company would enter into a development agreement in relation to the project.*

None of the above mentioned lands / rights in lands or development rights have been or are being purchased or obtained from our Promoters or our Promoter Group.

We intend to utilize the entire amount earmarked for the aforementioned acquisitions during fiscal 2007. In respect of many of our acquisitions of lands / rights in lands or development rights, we are required to pay an advance at the time of executing an agreement to purchase, with the remaining purchase price due upon completion of such acquisitions. The estimated costs described in this section include such advances and deposits.

Means of Finance

Our total cost of acquisitions as mentioned above is approximately Rs. 1,560.10 million. As of November 30, 2006, we had paid approximately Rs. 10.0 million of the total cost as partial payment, and the balance amount payable towards the acquisition of these lands / rights in lands or development rights was Rs. 1,550.10 million, as certified by Viral D. Doshi & Co., Chartered Accountants, in their certificate dated December 30, 2006.

Development and construction costs for our projects under development and our planned projects.

We are developing projects which are at various stages of construction and development primarily in Mumbai. We propose to deploy an amount aggregating to Rs. 1,250.00 million out of the net proceeds of the Issue in our projects under development, Rs. 300 million, Rs. 500 million and Rs. 450 million in fiscal 2007, 2008 and 2009 repectively.

Details of the projects

The details of the projects, like the total project cost, the costs already incurred, the balance funds required for completion of the project as set forth in the table below:

(*Rs. in million*)

Name of the Project	Proposed Saleable Area (Sq ft)	Start date of the Project	Estimated Completion date	Total Cost of Project	Break-up of the Funding of the Total Cost of the Project			Cost incurred as of November 30, 2006 *	Cost to be incurred as on November 30, 2006
					Internal Accruals	Project Specific Loans	Net Proceeds of the Issue		
Our Projects									
Akruti Empire	28,082	Jul-2006	Mar 2008	141.7	39.57	60.43	41.7	19.57	122.13
Rachana Sansad	25,360	February 2007	March 2009	177.7	113.57	34.13	30.0	15.87	161.83
Akruti Elite Plaza	35,894	March 2004	October 2007	211.40	56.13	140.0	15.27	196.13	15.27
Sub Total (A)	89,336			530.8	209.27	234.56	86.97	231.57	299.23
Joint Venture Projects									
DLF-Akruti Info Park Pune Ltd. – Phase I	1,250,000	March 2006	March 2009	1,838.6	624.73	913.87	300.0	86.22	1,752.38
Akruti One World (K-Mall)	242,938	May 2005	May 2008	536.7	337.65	177.05	22.0	273.01	263.69
Akruti One World (S-Mall)	265,043	May 2006	May 2008	607.0	257.13	142.87	207.0	157.13	449.87
Akruti One World (Shankarwadi)	143,696	August 2006	May 2008	327.3	54.41	222.89	50.0	1.11	326.19
Akruti City Ph I	425,000	June 2006	February 2010	1,530.9	487.75	459.12	584.03	54.46	1,476.44
Sub Total (B)	2,326,677			4,840.50	1,761.67	1,915.8	1,163.03	571.93	4,268.57

Name of the Project	Proposed Saleable Area (Sq ft)	Start date of the Project	Estimated Completion date	Total Cost of Project	Break-up of the Funding of the Total Cost of the Project			Cost incurred as of November 30, 2006 *	Cost to be incurred as on November 30, 2006
					Internal Accruals	Project Specific Loans	Net Proceeds of the Issue		
Total (A+B)	**2,416,013**			**5,371.30**	**1,970.94**	**2,150.36**	**1,250.0**	**803.5**	**4,567.8**

**In case of any shortfall or cost overruns, we intend to meet the estimated expenditure from our cash flow from operations and debt.*

**As per Certificate from Viral D. Doshi & Co., Chartered Accountants, dated December 30, 2006.*

Means of Finance

The total cost of development and construction of these projects is estimated to be Rs. 5,371.30 million.

As per Certificate from Viral D. Doshi & Co., Chartered Accountants dated December 30, 2006, we have deployed Rs. 803.50 million of the total cost by way of project specific loans and internal accruals as of November 30, 2006. The total amount of Rs. 5,371.30 million is proposed to be funded as follows:

S. No.	Particulars	Amount (Rs. Million)
1	Project Specific Loans & Internal Accruals	4,121.30
2	Net Proceeds of the Issue	1,250.00
	Total	**5,371.30**

** With reference to Clause 2.8 of the SEBI Guidelines, we confirm that firm arrangements for 75% of the stated means of finance, excluding net proceeds of the Issue, have been made.*

Repayment of Loans

For details, see the section titled "Financial Indebtedness" on page 299.

We intend to repay Rs. 250.00 million out of our total outstanding debt from the Net Proceeds, including any loans we may borrow until the Closing Date. We propose to deploy the entire amount of Rs. 250.00 million during Fiscal 2007.

Our total outstanding debt (excluding our outstanding unsecured loans) as on November 30, 2006 is as follows:

S. No.	Name of the Lender	Date of the Loan agreement (s) / Sanction Letter (s)	Total Outstanding Debt (Rs. Million)	Rate of Interest
1.	Canara Bank	May 19, 2003	13.91	8.50%
2.	Canara Bank	November 13, 2003	76.23	8.50%
3.	Canara Bank	August 10, 2004	118.46	10.50%
4.	Canara Bank	June 22, 2006	41.55	12.25%
5.	Union Bank of India	September 8, 2006	300.00	8.50%
6.	Union Bank of India	September 11, 2006	254.00	10.25%
7.	State Bank of India	May 16, 2006	83.39	9.00%
8.	HDFC Ltd.	April 28, 2006	330.08	11.50%
9.	Corporation Bank	March 10, 2004	56.80	9.25%
10.	Corporation Bank	August 31, 2004	67.33	9.25%

S. No.	Name of the Lender	Date of the Loan agreement (s) / Sanction Letter (s)	Total Outstanding Debt (Rs. Million)	Rate of Interest
11.	Punjab National Bank	November 5, 2003	74.31	8.75%
12.	Punjab National Bank	September 19,2006	72.21	9.75%
13.	Bank of India	February 28, 2005	52.39	10.25%
14	LIC Mutual Fund	November 14, 2006	1,000.00	9.05%
15.	Sundry Vehicle Loan	November 29, 2003	3.76	10.00%
	TOTAL		**2,544.43**	

In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder.

General Corporate Purposes

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options, including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. in million)

Activity	Expenses*
Lead management fee and underwriting commissions	[•]
Advertising and Marketing expenses	[•]
Printing and stationery	[•]
Others (Monitoring agency fees, Registrars fee, legal fees, etc.)	[•]
TOTAL	**[•]**

* *Will be incorporated after finalisation of the Issue Price*

Working Capital Requirement

The Net Proceeds of this Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals to meet our existing working capital requirements.

Interim use of funds

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks, for the necessary duration or for reducing overdrafts. We would not employ proceeds of the Issue in Equity Capital markets.

Monitoring Utilization of Funds

Our Board and Canara Bank, which has been appointed the monitoring agency for this purpose will monitor the utilization of the Issue proceeds. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for fiscal 2007, 2008 and 2009, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges. As per Clause 49 of the listing agreements with the Stock Exchanges we shall disclose to the Audit Committee, the uses / applications of funds by major category on a quarterly basis as a part of our quarterly declaration of financial results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Red Herring Prospectus and place it before the audit committee. Such disclosure shall be made only until such time as the net proceeds of the issue have been fully spent. This statement shall be certified by our statutory auditors. The audit committee shall make appropriate recommendations to the Board in this regard.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter Group or key managerial employees, except in the normal course of our business.

BASIS FOR ISSUE PRICE

The issue price will be determined by us in consultation with the BRLMs on the basis of assessment of market demand and on the basis of the following qualitative and quantitative factors for the Equity Shares offered by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 47.5 times the face value at the lower end of the Price Band and 54 times the face value at the higher end of the Price Band.

Qualitative Factors

For some of the qualitative factors, which form the basis for computing the price refer to "Our Business" on page 62 of this Red Herring Prospectus.

Quantitative Factors

Adjusted Earning Per Share (EPS)

Financial Period	**Adjusted EPS based on Restated Financial Statements (Rs.)***		**Weight**
	Standalone	**Consolidated**	
Year ended March 31, 2004	2.11	2.05	1
Year ended March 31, 2005	3.23	3.30	2
Year ended March 31, 2006**	14.12	14.18	3
Weighted Average	**8.49**	**8.53**	

* Based on weighted average and including bonus shares issued during the course of the financial year

** The EPS for the eight months ended November 30, 2006 was 2.43 on a consolidated basis and 2.26 on a standalone basis.

Price Earnings Ratio (P/E Ratio)

1. Based on the year ended March 31, 2006 EPS (including adjustment for bonus issue) is Rs. 14.18 on a consolidated basis and 14.12 on a standalone basis.

2. P/E based on the above EPS is 33.50 at the lower end of the price band and 38.08 at the higher end of the price band (on a consolidated basis) and 33.64 at the lower end of the price band and 38.24 at the higher end of the price band (on a stand alone basis)

3. Peer group P/E

A) Highest 268.6

B) Lowest 17.0

C) Peer group average 103.30

D) Peer group median 75.5

Average Return on Net Worth on a consolidated basis

Financial Period	PAT (In Rs. millions)	Networth (Rs. In millions)	RoNW	Weight
Year ended March 31, 2004	81.83	422.84	19.35%	1
Year ended March 31, 2005	131.90	512.25	25.75%	2
Year ended March 31, 2006*	633.09	1,072.81	59.01%	3
Weighted Average			41.31%	

Note: The RoNW has been computed by dividing net profit after tax before share of profit from associates, minority interest, pre-acquisition profit or loss and exceptional items as restated, by Net Worth as at the end of the year.

* The PAT and Networth for eight months ended November 30, 2006 was Rs. 145.57 million and Rs. 1,195.95 million respectively on a consolidated basis and Rs. 135.35 million and Rs. 1,171.22 million respectively on a standalone basis.

Minimum return on total net worth post-issue to maintain pre-issue EPS is 19.65% (consolidated) and 19.67% (stand alone) at the Cap Price and 21.61% (consolidated) and 21.63% (stand alone) at the Floor Price.

Net Asset Value (NAV)

i) NAV as at March 31, 2006	(stand alone)	Rs. 23.90 per Equity Share
ii) NAV as at March 31, 2006	(consolidated)	Rs. 24.02 per Equity Share
iii) NAV as at November 30, 2006	(stand alone)	Rs. 19.52 per Equity Share
iv) NAV as at November 30, 2006	(consolidated)	Rs. 19.93 per Equity Share
v) NAV after issue at the Cap Price		Rs. 71.80 per Equity Share (stand alone) and Rs. 72.17 per Equity Share (consolidated)
vi) NAV after issue at the Floor Price		Rs. 65.27 per Equity Share (stand alone) and Rs. 65.64 per Equity Share (consolidated)
vii) Issue Price		Rs. [●] per Equity Share

Financial Period	NAV based on Restated Financial Statements (Rs.)		Weight
	Consolidated	Standalone	
Year ended March 31, 2004	10.57	10.58	1
Year ended March 31, 2005	12.81	12.74	2
Year ended March 31, 2006	24.02	23.90	3
Weighted Average	**18.04**	**17.96**	

Comparison with other listed companies

	EPS (TTM) (Rs.)	P/E (TTM)	RoNW (%)	NAV/ Book Value (Rs.)	Sales (Rs. In millions)
Ansal Housing	19.0	147.0	24.3	58.5	1,175
Ansal Properties	14.5	60.1	42.8	143.5	3,207

D S Kulkarni	12.9	31.1	62.5	86.9	166
Mahindra GESCO	3.3	268.6	2.1	164.1	1,211
Unitech	2.5	186.2	35.0	2.8	6,531
Sobha Developers Limited	11.9	84.7	96.2	96.5	5,966
Parsvnath Developers Limited	5.8	75.5	70.0	66.0	6,438

Note:

- EPS for trailing twelve months (TTM) ending December 31, 2006 for each of the peer group. Other data for peer group companies are for full fiscal year ending March, 2006.

- All figures for peer group have been sourced from Capital Market, Volume XXI/22, Jan. 01-14, 2007 (Industry – Construction).

The BRLMs believe that the Issue Price of [●] is justified in light of the above qualitative and quantitative factors. For further details, see the section titled "Risk Factors" beginning on page XII of this Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the auditor's report stated on page 165 of the Red Herring Prospectus.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
Akruti Nirman Limited
Akruti Trade Centre, 6th Floor,
Road No. 7, Marol MIDC,
Andheri (East), Mumbai – 400 093
Maharashtra, India

Dear Sirs,

Subject: Statement of Possible Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits that may be available to Akruti Nirman Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 and other direct and indirect tax laws presently in force in India.

Several of these benefits are dependent on 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 dependent upon fulfilling 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 not 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.

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.
- The revenue authorities / courts will concur with the views expressed herein.

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 offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Dalal & Shah
Chartered Accountants

For Viral D. Doshi & Co.
Chartered Accountants

Shishir Dalal
Partner
Membership No. 37310
September 15, 2006

Viral Doshi
Proprietor
Membership No. 105330

BENEFITS AVAILABLE UNDER INCOME TAX ACT, 1961 (“THE IT ACT”)

Benefits available to the Company

a. In accordance with and subject to the conditions specified under **Section 80-IB (10)** of the IT Act, the Company is eligible for a one hundred percent deduction of the profits derived from development and building of housing projects approved before 31 March, 2007, by a local authority.

b. Under **section 10(34)** of the IT Act, income by way of dividends referred to in s**ection 115-O** received by the Company from domestic companies is exempt from income tax.

c. Under **section 24(a)** of the IT Act, the Company is eligible for deduction of thirty percent of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out).

d. Under **section 24(b**) of the IT Act, where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.

e. Under **section 80IA** of the IT Act, deduction of an amount equal to 100 percent of profits and gains derived from eligible business is deductible for any 10 consecutive assessment years out of fifteen years beginning from the year in which an undertaking develops, develops and operates or maintains and operates an industrial park or special economic zone (from assessment year 2002-03) notified for this purpose in accordance with any scheme framed and notified by the Central Government for the period from April 1, 1997 to March 31,2009 in case of an industrial park and March 31, 2006 for special economic zones. Subsequent to March 31, 2006 100 percent of the profits is deductible for the balance number of years (out of 10 years) under **section 80IAB** of the Act.

f. Under **section 115JAA(2A)** of the IT Act, tax credit shall be allowed in respect of any tax paid (MAT) under **section 115JB** of the Act for any Assessment Year commencing on or after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years immediately succeeding the year in which the MAT credit initially arose.

Benefits available to resident shareholders, approved infrastructure capital companies, infrastructure capital funds and co-operative banks

a. Under **section 10(34)** of the IT Act, income by way of dividends referred to in **section 115-O** received on the shares of the Company is exempt from income tax in the hands of shareholders.

b. Under **section 48** of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to **section 48** of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

c. Under **section 10(38)** of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

d. Under **section 112** of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under **section 10(38)** of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

e. Under **section 54EC** of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under **section 10(38)** of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

   (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

   (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

   If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under **Section 80C** of the IT Act for any assessment year beginning on or after April 1, 2006.

- Under **section 54ED** of the IT Act and subject to the conditions specified therein, capital gains (in cases not covered under **section 10(38)** of the IT Act) arising *before 1st April, 2006* from transfer of long term capital assets, being listed securities or units, shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital”, within a period of six (6) months from the date of such transfer and held for a period of at least one year. For the purposes of this section, “Eligible issue of capital” has been defined to mean issue of equity shares which satisfies the following conditions, namely

   (a) the issue is made by a public company formed and registered in India;

   (b) the shares forming part of the issue are offered for subscription to the public.

- Under **section 54F** of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under **Section 10(38)** of the IT Act) arising to an individual or a Hindu Undivided Family (‘HUF’) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

- Under **section 111A** of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

- In terms of **section 88E** of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. 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 on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

Benefits available to mutual funds

- As per the provisions of **Section 10(23D)** of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

Benefits available to foreign institutional investors ('FIIs')

- Under **section 10(34)** of the IT Act, income by way of dividends referred to in **Section 115-O** received on the shares of the Company is exempt from income tax in the hands of shareholders.

- Under **section 10(38)** of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

- **Under section 54EC** of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under **section 10(38)** of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

  (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

  (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

- Under **section 54ED** of the IT Act and subject to the conditions specified therein, capital gains (in cases not covered under **section 10(38)** of the IT Act) arising *before 1st April, 2006* from transfer of long term capital assets, being listed securities or units, shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of capital", within a period of six (6) months from the date of such transfer and held for a period of at least one year. For the purposes of this section, "Eligible issue of capital" has been defined to mean issue of equity shares which satisfies the following conditions, namely

  (a) the issue is made by a public company formed and registered in India;

  (b) the shares forming part of the issue are offered for subscription to the public.

- **Under section 115AD** (1)(ii) of the IT Act short term capital gains on transfer of securities shall be chargeable @ 30% and 10% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax). The above rates are to be increased by applicable surcharge and education cess.

- **Under section 115AD**(1)(iii) of the IT Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under **section 10(38)** of the Act) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

- As per **section 90(2)** of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.

- In terms of **section 88E** of the IT Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. 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 on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

Benefits available to venture capital companies/ funds

- Under **section 10(23FB)** of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per **section 115U** of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

Benefits available to non-residents/ non-resident Indian shareholders (other than mutual funds, FIIs and foreign venture capital investors)

- Under **section 10(34**) of the IT Act, income by way of dividends referred to in **Section 115-O** received on the shares of the Company is exempt from income tax in the hands of shareholders.

- Under **section 10(38**) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

- Under the **first proviso to section 48** of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by **section 115E** of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of the Rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

- Under **section 112** of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under **section 10(38)** of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

- Under **section 54EC** of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under **section 10(38)** of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

  (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

  (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

  If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

- Under **section 54ED** of the IT Act and subject to the conditions specified therein, capital gains (in cases not covered under **section 10(38)** of the IT Act) arising *before 1st*

April, 2006 from transfer of long term capital assets, being listed securities or units, shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of capital", within a period of six (6) months from the date of such transfer and held for a period of at least one year. For the purposes of this section, "Eligible issue of capital" has been defined to mean issue of equity shares which satisfies the following conditions, namely

(a) the issue is made by a public company formed and registered in India;

(b) the shares forming part of the issue are offered for subscription to the public.

- Under **section 54F** of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under **Section 10(38)** of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

- Under **section 111A** of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity shares in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by **section 111A** of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:

- Under **section 115E** of the IT Act, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

- Under provisions of **section 115F** of the IT Act, long term capital gains (in cases not covered under **section 10(38)** of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in **section 10(4B),** within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

- Under provisions of **section 115G** of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under **section 139(1)** if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

- In terms of **Section 88E** of the IT Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. 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 on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

- As per **Section 90(2)** of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non-Resident India would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

BENEFITS AVAILABLE UNDER THE GIFT-TAX ACT

Gift tax is not leviable in respect of any gifts made on or after 1 October, 1998. Therefore, any gift of shares of the Company will not attract Gift tax.

Notes:

- *The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;*

- *The above statement of possible direct tax benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;*

- *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult his or her 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 above 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.*

INDUSTRY OVERVIEW

The information in this section is derived from various government publications and other industry sources. Neither we nor any other persons connected with the Issue have verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that 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.

The Indian Economy

India has one of the fastest growing economies in the world, with GDP growth of 8.5%, 7.5% and 8.4% in the fiscal 2004, 2005 and 2006, respectively *(Source: Central Statistical Organisation).* The RBI estimates full year GDP growth of 7.5% to 8.0% in the current fiscal year. The growth of the Indian economy has been spread across various sectors, with both the service and industrial sectors registering growth of over 9.0% in fiscal 2006. Within the industrial sector, while manufacturing growth has accelerated from 7.1% in fiscal 2004 to 9.0% in fiscal 2006, construction growth has seen double digit growth in each of the last three years, registering 12.1% in fiscal 2006. The agriculture sector grew at 3.9%, in fiscal 2006, compared to the Government's target of 4.0%. Services registered strong growth of 9.7% in fiscal 2006 as against 9.2% in fiscal 2005.

Overview of the Real Estate Sector in India

The recent growth of the real estate sector in India has been driven by robust economic growth, favourable demographics and a relatively low interest rate environment. The real estate sector has traditionally been characterized by a substantial gap between demand and supply. Development of the sector is predominantly led by private sector players.

Household consumption continues to be a key growth driver for the Indian economy, supported by an increase in housing demand. The residential, commercial and retail sub-sectors are currently witnessing growth in demand throughout India.

A report released by CRIS-INFAC states that real estate construction is expected to grow at a 2-year CAGR of 5% with a total of over Rs. 5,106 billion expected to be invested in fiscal 2006, 2007 and 2008 as against a total investment of Rs. 4,504 billion in fiscal 2003, 2004 and 2005.

The following factors are expected to drive the growth of the Indian real estate market:

1. Rising demand for residential accommodation;
2. Continued demand from the Information Technology (IT) and Information Technology Enabled Services (ITES) sectors for commercial space;
3. Rising retail demand in urban and semi-urban areas ; and
4. A favourable economic policy (in particular the FDI regime relating to real estate)

Jones Lang LaSalle has classified the following cities in its research on "Emerging City Winners" published in September 2005 *(Source: www. joneslanglasalle.com):*

Tier I: Bangalore, Delhi and Mumbai;

Tier II: Chennai, Hyderabad, and Pune; and

Tier III: Ahmedabad, Baroda, Bubaneshwar, Chandigarh, Cochin, Coimbatore, Indore, Jaipur, Kolkata, Ludhiana, Lucknow, Mangalore, Mysore, Nagpur, Nasik, Vizag, Trivandrum and 23 other cities with a population of over 1 million

These cities offer considerable cost savings and access to significant pool of skilled labour, and are expected to drive real estate demand in the country.

Regulatory reforms

Governing Law and Authorities

The principal statute governing real estate transactions in India is The Transfer of Property Act, 1882 which deals with real estate transfers, conveyances, gifts, mortgage, and leases. However under the Constitution of India, states have legislative and administrative jurisdiction in respect of lands falling within their boundaries. Legislation varies from state to state and there are different laws relating to matters such as land ceilings, land use, stamp duties, land revenue and consolidation of holdings. Municipal authorities, town planning and zoning regulatory authorities also have jurisdiction over such matters. These authorities prescribe and control development norms, building plans and byelaws and the provision of infrastructure facilities for developments. There is significant overlap between national and state-level legislation and administration in respect of land in India. Lately, environmental issues have become increasingly important in large-scale developments.

Legal reforms

Historically, the real estate market in India was characterized by the absence of a centralized title registry providing title guarantee, lack of uniformity in local laws and their application, non-availability of bank financing, high interest rates and transfer taxes, and lack of transparency in transaction values. In recent years, the real estate sector in India has exhibited a trend towards greater organization and transparency, accompanied by a programme of regulatory reform. These reforms include:

- Government of India support for the repeal of the Urban Land Ceiling Act in 1999, with nine state governments having already repealed the Act;
- Amendment of the Rent Control Act to provide greater protection to landlords of residential properties;
- Rationalization of property taxes in a number of states; and
- The proposed computerization of land transaction records.

These initiatives have contributed to a perception of greater organization and transparency in the real estate sector, resulting in easier availability of financing for real estate developers.

Key drivers for real estate sector growth

- Changing demographics with rising disposable income and increasing consumerism

  The increase in consumption spending in India arising from changing demographics and the resultant rise in income levels has resulted in strong demand for quality housing and created distinct consumer preferences for value-added products across the retail spectrum, providing a platform for the rapid growth of the retailing and real estate sector. CRIS INFAC estimates that the proportion of the total population with an annual income higher than Rs. 90,000 increased from 20.4% in fiscal 1996 to 28.1% in fiscal 2002. However, the proportion of this higher income group as a percentage of the urban population has increased at a higher rate, from 45% in fiscal 1999 to 51% in fiscal 2002, and is expected to reach 63% in fiscal 2010. *(CRIS INFAC Annual Review on Retailing Industry – September 2005).*

- Increasing urbanization

  The Planning Commission estimates that by 2020, India's urban population as a percentage of total population will rise to 40%. It estimates that 400 million people will live in 60-70 large cities, each with a population of one million or more. Tier III cities are believed to provide a cost advantage of 15%-30% over Tier I and Tier II cities.

- Availability of capital

  As demand for investment has grown, a number of financing options have opened up for real estate developers. Historically, the real estate sector has suffered from a negative image due to lack of corporate/professional developers, title issues, as well as a lack of organised commercial development projects. Historically, institutional finance was not readily available and was offered at very high interest rates. As a result most developers traditionally arranged finance through private sources. This situation is gradually changing, as corporate developers with successful track records are now able to access institutional finance including lending from banks, investments from real estate funds and increasing access to domestic and international capital markets.

Bank Finance

Indian credit rating agencies have developed a ratings system for developers and projects, enabling developers to access bank and institutional finance at lower rates than would otherwise be available. Active players in development financing in India include Housing Development Finance Corporation, ICICI Bank and State Bank of India.

Real estate funds

With the relaxation of the FDI regime in India, a number of foreign investors have entered the real estate market. In addition to international funds, Indian corporates have set up their own dedicated real estate funds. At present, only high net worth individuals, institutional investors and foreign investors are eligible to invest in such funds. Recently, a small number of real estate funds have been set up with corporate backing but it is thought likely that mass participation and larger amounts may be infused in this sector once real estate mutual funds are launched.

Challenges facing the Indian Real Estate Sector

- **Regional concentration of existing players:** Features peculiar to the Indian real estate sector, such as the differing tastes in different parts of the country, difficulties in mass land acquisition, the absence of infrastructure to market projects at new locations, the wide range of approvals to be obtained from different authorities at various stages of construction under local laws, and the long gestation period of projects have led most real estate developers in India to focus their operations in the areas most familiar to them. As a result, currently there are very few players who can claim to operate at the national level.

- **Fragmentation of market:** The Indian real estate sector is highly fragmented with a significant disorganized segment comprising small builders and contractors accounting for a majority of the housing units constructed. As a result it is difficult to obtain consolidated data on this market.

- **Unpredictable demand, which is dependent on many factors:** A challenge faced by real estate developers is generating demand for properties constructed. In addition to quality of construction, a customer's choice of property is also dependent on a number of external factors including proximity to urban areas, amenities such as schools, roads and water supply (which are often beyond the developer's control). Demand for housing units in certain areas is also influenced by policy decisions relating to housing incentives.

- **Rising prices of raw materials:** Construction activities are often funded by purchasers who make cash advances at different stages of construction. As such, the final amount of revenue from a project is pre-determined and the realisation of this revenue is spread across the period of construction. A challenge faced by real estate developers is dealing with adverse movements in costs of raw materials. The real estate sector is dependent on a number of components such as cement, steel, bricks, wood, sand, gravel and paints. As the revenues from sale of units are pre-decided, adverse price changes in any of the raw materials directly affect the profitability of developers.

- **Interest rates:** One of the main drivers of growth in demand for housing units is the availability of finance at cheap rates. This trend of rising interest rates may affect the growth rate of demand for housing units.

The Indian real estate market has traditionally received limited funding from the organized financial sector. The main reasons have been lack of clarity on title, the fact that many businesses operate as unincorporated ventures, and a heavy reliance on cash transactions.

Corporate governance, corporatisation and professionalisation of real estate business in India will remain major challenges. This is mainly because of its nature until recently and lack of availability of trained and experienced professionals.

Residential real estate development

Growth in the residential sector in India has been driven mainly by rising disposable income, a rapidly growing middle class, affordable interest rates, fiscal incentives on both interest and principal payments for housing loans, as well as increased urbanization and the rise of the nuclear family. The conversion of slum, "kutcha" or "semi-pucca" in urban areas to "pucca" non-slums dwelling units has also contributed to residential growth. According to the National Building Organization ("NBO"), there was a housing shortage of 19.4 million units with a shortage of 12.7 million in rural areas and 6.7 million in urban areas as of March 2006.

The average age for ownership of new homes is declining drastically. Younger customers and nuclear families are creating fundamentally different customer segments.

The mortgage to GDP ratio in India is relatively low compared to many other countries. The current mortgage to GDP ratio is approximately 4% against an average mortgage to GDP ratio of 30% for a selection of countries in East and South East Asia (Hong Kong: 49%; Taiwan: 37%; Singapore: 36%; Malaysia: 23%; Korea: 13%) and 51% in the United States of America and 54% in the United Kingdom. *(Source: HDFC annual investor's presentation- dated April 27, 2006, www.hdfc.com).*

The residential property market has benefited from a low interest rate regime as well as liberal tax benefits. Another major contributory factor in the growth of residential housing is income tax incentives on housing loans. Currently, an income tax deduction is available on the interest component (up to Rs.150,000 p.a.) on housing loans and a rebate of Rs.20,000 per annum on principal repayment.

Growing demand for housing, coupled with higher prices, low interest rates on housing loans and low deposit rates over the last few years have together stimulated investment in housing as an alternative investment product category.

Under penetration of residential ownership

Years	Usable Housing Stock (in mm)	No. of households (in mm)	Shortfall (in mm)
1961	70	83.5	13.5
1971	83	97.6	14.6
1981	101	122.8	21.8
1991	130	153.4	23.4
2005E	170	189.4	19.4

Source: HDFC (April 2006), NBO

CRIS-INFAC estimates: Housing sector

	2004-05	2009-10	CAGR 5-year (from 2004-05 to 2009-10)
New houses (million)	4.7	5.3	2.4%
Total FSA (billion sq ft)	99	110	2.1%
FSA added during the year (billion sq ft)	2.5	3.0	--
Investments in housing construction		9,176	--
Declared housing spend (Rs billion)	1,718	4,034	18.6%

Source: CRIS-INFAC, Construction February 2006

Commercial real estate development

In the commercial real estate sector, business opportunities are presented by the amount of outsourcing activity occuring in India, particularly in the IT and ITES sectors. Within these IT and ITES sectors, the Indian offshoring operations of multinational companies are expected to increase demand for commercial space.

CRIS-INFAC has reported that the growth in IT and ITES is likely to double construction investment to Rs.148 billion (118 million sq. ft) by 2007-08 as compared with investment of Rs.74 billion (61 million sq. ft) in the fiscal 2004 to 2006. Investments are based on CRIS-INFAC's estimate of manpower and workspace requirements in the sector.

Office space construction by IT and ITES companies

	Total area (mm sq ft)	Estimated cost (Rs. billion)

2002-03	15	17
2003-04	21	19
2004-05	23	25
2005-06	29	32
2006-07	37	40
2007-08	48	60

Source: CRIS-INFAC

Indian companies are also increasing land banks for their own operations in order to accommodate their significant expansion plans.

Retail real estate development

India's strengthening macro-economic scenario and changing demographic profile have played a major role in the growth and emergence of the local retail sector. CRIS-INFAC estimates that retail spending in India in 2005 was Rs. 9,990 billion, of which the organised sector accounted for Rs. 349 billion, or approximately 3.5%. The size of the organised sector is expected to grow at 25-30% per annum, reaching Rs. 1,095 billion in 2010.

CRIS-INFAC estimates that the current pace of activity in mall construction across India will result in around 105 million sq ft of mall space by 2010. This would translate into estimated construction investment of Rs.112 billion over the next five years.

While organized retail has so far been limited to large cities, retailers have announced major expansion plans in smaller cities and towns. Over the past few years, the share of smaller cities as a percentage of organized retail has been growing steadily. According to a CRIS-INFAC study of the total mall space expected to be available by 2010, Mumbai, Pune, NCR (including Delhi, Gurgaon, Noida, Greater Noida, Faridabad and Ghaziabad), Bangalore and Hyderabad will have a share of 74%, while the remaining 26% will be made up by cities such as Kolkata, Chennai, Ahmedabad, Jaipur, Nagpur, Lucknow, Indore, Ludhiana and Chandigarh.

In the retail segment, as the market grows quickly, newer and larger formats along with the likely entry of global retail companies into the Indian market (subject to government policy revisions with respect to FDI in retailing) will necessitate greater variety and maturity in the retail real estate market.

Apart from speciality malls, multiplex movie theatres and entertainment theme parks are the other two growing segments within retail real estate.

The major organized retailers in India currently include Tata-Trent, Pantaloon, Shoppers' Stop and the RPG Group. Major business groups such as Reliance, Bennett & Coleman, Hindustan Lever, Hero Group and Bharti have announced their entry plans for the retail sector.

Hotels

The hotel industry in India is witnessing robust growth on the back of a strong economy, increased business travel and tourism. Also, the changing lifestyle of Indians has created demand for quality hotels and resorts across the country.

CRIS-INFAC expects that room demand will grow by approximately 4% in each of fiscal 2006 and 2007, and that this demand will result in an increase in occupancy rates from 72% in fiscal 2005 to 75% in fiscal 2006 and 2007 across India's larger cities. This is expected to be accompanied by increases in average room rates of 27% and 21% in each of fiscal 2006 and 2007. It is expected that the growth in occupancy rates will be assisted by factors such as the estimated 10% CAGR in the number of travellers arriving in India over the next five years. Further, CRIS -INFAC estimates that investments in the premium segment of the hotel industry will be between Rs. 20 billion and Rs. 23 billion in the aggregate over the next five years *("Hotels get pricing power," (February 2006), CRIS-INFAC).*

The rise in room rates and occupancy rates is therefore expected to contribute significantly to the demand for new hotel developments and offer further opportunities for real estate development.

Special Economic Zones ("SEZs")

SEZs are specifically delineated duty-free enclaves deemed to be foreign territories for the purpose of Indian custom controls, duties and tariffs. There are three main types of SEZs: integrated SEZs, services SEZs and sector specific SEZs. Due to a 10-year tax holiday, these SEZs are expected to attract software companies, due in part to the expiry in 2009 of tax breaks applicable to existing Software Technology Parks. Further, one third of approvals granted for SEZs so far have been for IT and ITES SEZs. As at March 31, 2005 there were 811 units in operation in the 8 functional SEZs. SEZs are expected to require substantial real estate investment and development.

OUR BUSINESS

In this section, unless the context otherwise requires, references to "we", "us", "our" and "our Company" refer to Akruti Nirman Limited and its subsidiaries taken as a whole.

OVERVIEW

We are a real estate development company 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. In our commercial business line, we build, lease and sell commercial office space, including office towers and information technology parks, with a focus on properties attractive to the information technology, information technology enabled services ("ITES") and business processing outsourcing ("BPO") industries and large multinational companies. In our residential business line, we develop multi-unit residential apartment buildings with residences ranging from one bedroom flats to higher end, five bedroom residences. In our new retail business line, we are currently developing our first six shopping malls which contain space for retail units, food courts, banquet halls and restaurants and in which we intend to lease space to retailers upon their completion.

A key focus area of our business has been real estate development on slum rehabilitation land, pursuant to the slum rehabilitation scheme initiated by the Government of Maharashtra (“GOM”) in 1992, whereby in return for constructing 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 that are outside the relevant slum area. Since we undertook our first real estate development project in 1989, we have developed nearly 5.0 million square feet of building area, of which approximately 4.8 million square feet, or 97%, has been developed on land made available for development through our participation in slum rehabilitation projects. We have constructed new dwellings on, and handed over free of charge, 3.6 million square feet of residential space on these lands to provide housing for former slum dwellers. We have used the remaining land to develop 1.4 million square feet of saleable or leasable building area in commercial and residential developments. 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 otherwise incur for the purchase of comparable, developable urban land in Mumbai.

Of the nearly 5.0 million square feet of building area that we have developed since incorporation, the Company and its subsidiaries have developed approximately 2.8 million square feet, or 56%, of such land, and approximately 2.2 million square feet, or 44%, have 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 commenced plans to expand into Pune and Bangalore, and intend to expand our business into other cities, particularly where we see future potential for slum rehabilitation. We also intend to further diversify our business lines by selectively exploring new concepts for large scale development projects, such as Bio-IT Parks, new townships and serviced apartments and hotels.

In respect of our projects under development, as of November 30, 2006 we had development rights over 11,763,000 square feet of land area, primarily located in Mumbai. Of this area, 8,026,000 square feet represent slum rehabilitation land owned by the applicable slum rehabilitation authorities and 3,737,000 square feet was acquired or leased by us from third parties. Our management believes that we will be able to develop approximately 13,256,000 square feet of saleable or lettable building area on these lands, in addition to generating 293,000 square feet of TDRs.

In respect of our future projects, as of November 30, 2006, we had also initiated steps to acquire development rights over a further 1,654,000 square feet of land area, primarily located in Mumbai, in respect of which our management believes, based on applicable zoning regulations, that we will be able to develop approximately 3,122,000 square feet of saleable or lettable building area, in addition to generating 451,000 square feet of TDRs. In addition, we have entered into an agreement with a third party to acquire TDRs representing approximately 2,613,000 square feet of area, if such TDRs are allocated to the third party by the GOM, which we intend to sell in the market.

We recently retained Knight Frank, CB Richard Ellis and Trammell Crow Meghraj, international property consultants (our "Valuers"), to perform a property valuation in respect of our projects under development and projects in respect of which we have taken steps to acquire development rights. The Valuers have reported as follows:

- Knight Frank has valued sixteen of our projects, and has opined that as of September 15, 2006, the net present value of such projects is Rs.25,190 million, of which the Company's share is Rs.12,611 million;

- CB Richard Ellis has valued three of our projects, and has opined that as of September 15, 2006, the open market value of such projects is Rs.2,852 million, of which the Company's share is Rs.2,852 million;

- Trammell Crow Meghraj has valued sixteen of our projects, and has opined that as of September 15, 2006, the fair market value of such projects is Rs.57,911 million, of which the Company's share is Rs.24,816 million (including Rs.1,772 million representing the value of the TDRs proposed to be acquired from a third party if allocated by the GOM, as referenced above).

Our management believes that it will take us approximately three to five years to complete our ongoing and currently planned projects and develop the remaining land.

In the three years ended March 31, 2004, 2005 and 2006, our total income was Rs.525.95 million, Rs.686.90 million and Rs.2,052.82 million, respectively, and our profit after tax and exceptional items was Rs.81.83 million, Rs.131.90 million and Rs.633.09 million respectively.

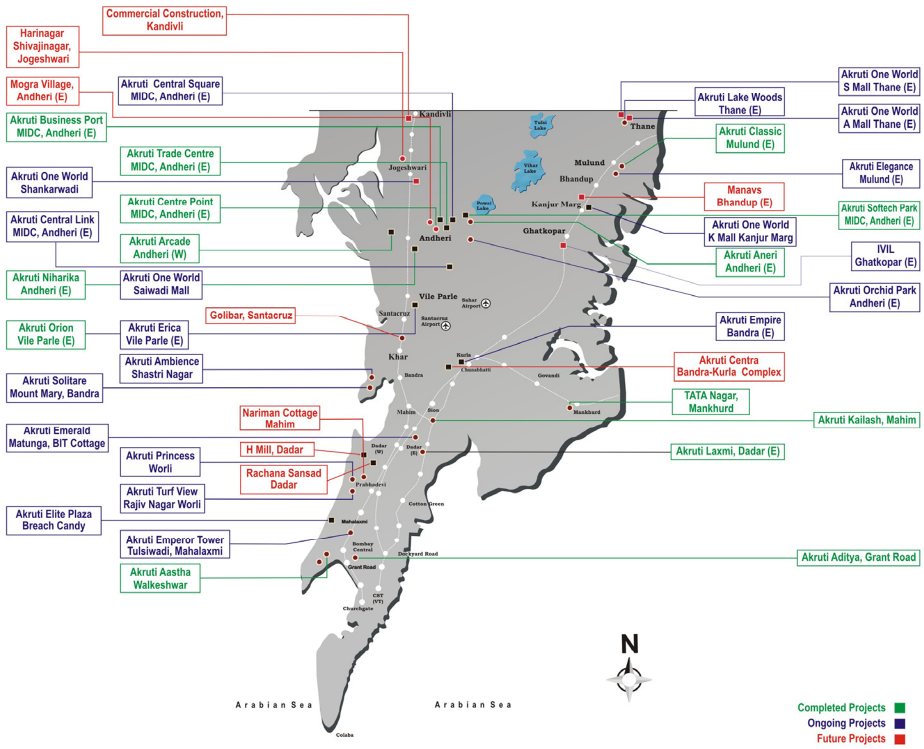
OUR COMPANY HISTORY

In 1989, we were incorporated, commenced our real estate development work and undertook our first residential development project. Following the introduction of the Slum Rehabilitation Scheme in 1992 by the GOM, we have been instrumental in implementing 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**"), which governmental entity 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 SRC in September 1996 and delivered our first new unit to former slum dwellers in October 1997. In March 2001 we completed development of Akruti Softech Park, a private software technology park in Mumbai.

Our management standards and systems have been recognised by various leading accreditation organisations. We have been awarded ISO 9001: 2000 certification in recognition of our management standards and systems. We have also been awarded a "DA2" rating from the

Credit Rating Information Services of India ("**CRISIL**"), which recognised our ability to specify and build to agreed quality levels and transfer clear title within stipulated time schedules. These ISO and CRISIL certifications currently remain in effect with regard to our company, and are subject to annual review.

The following map illustrates the locations of our projects completed and under development in Mumbai as of November 30, 2006.



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 retail projects. Our projects completed or under development include high-rise residential towers, commercial office towers, IT parks and shopping malls. We aim to identify and capitalise on new business opportunities in the Indian real estate industry and in the future our management intends to further diversify our business activities to include the development of Bio-IT Parks, townships, hotels and serviced apartments. By undertaking a broad range of development opportunities, we seek to limit our exposure to risk in specific product segments within the real estate development industry and, where market demand requires, we try, if applicable regulations permit, to switch the intended use of land we have acquired for development amongst our principal business lines. We believe that the diversity of our product mix also limits the extent to which demand for our developments is dependent upon any particular customer, industry or industry segment.

Quality projects and construction

Since our incorporation in 1989, we have been responsible for the successful completion of 21 real estate projects in India comprising nearly 5.0 million square feet. Our position in Mumbai as a property developer is largely due to our established execution capabilities, including our reputation for successfully completing new commercial and residential projects utilising lands obtained through slum rehabilitation. We retain architectural, structural and various other consulting firms with established track records in a number of our projects. We have used, and continue to use, quality construction materials and modern technology in our commercial, residential and retail developments completed or under development. Our commercial customers include various Indian and multinational corporations. Several of our commercial tenants, including Tata Consultancy Services, 3i Infotech Limited and BNP Paribas, have rented commercial units from us in more than one of our commercial developments. We are ISO-certified and we have been awarded a rating of "DA2" by CRISIL.

We are involved in slum rehabilitation in Mumbai, and are able to obtain prime building locations in Mumbai through slum rehabilitation

To date all of our developments have been completed in Mumbai, a city with a shortage of developable open land. Many prime real estate locations in Mumbai are presently occupied by slums. The construction of permanent housing for slum dwellers allows the remaining land area in slum areas to be cleared for other real estate development. Our redevelopment of slum lands provides us the right to also develop our own real estate developments for sale or lease to third parties on lands freed by our slum rehabilitation efforts. In this manner, we obtain developable, urban land for our projects in Mumbai primarily through the rehabilitation of slum lands. Of the nearly 5.0 million square feet of building area we have developed to date in India, approximately 4.8 million square feet, or 97%, has been developed on land made available for development through our participation in slum rehabilitation projects.

To date, we have developed 157 apartment buildings and over 9,400 apartments for former slum dwellers in exchange for developable urban land and land development rights in Mumbai from the applicable slum rehabilitation authority. 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 transferable development rights ("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.

Access to land and development rights in Mumbai

As of November 30, 2006 we had development rights over 11,763,000 square feet of land area, primarily located in Mumbai. Of this area, 8,026,000 square feet represent slum rehabilitation land owned by the applicable slum rehabilitation authorities and 3,737,000 square feet were acquired or leased by us from third parties. Our management believes that we will be able to develop approximately 13,256,000 square feet of saleable or lettable building area on these lands.

Experienced and dedicated management team

We have an experienced, well qualified and dedicated management team, many of whom have more than 20 years of experience in their respective fields. Because of our established reputation for project execution, we have been able to attract high calibre management and employees. Our professionally qualified staff includes engineers, design consultants, marketing specialists, treasury officers, costing consultants, procurement officers and accountants. We provide our staff with extensive training that encourages 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. For details regarding the experience of our Directors/Promoters and Key Managerial Personnel, please refer to the section titled "Our Management" on page 96 of this Red Herring Prospectus.

Innovative projects and developments

We utilise the experience and skills of our professional management, design, engineering and project execution teams to plan and carry out innovative developments which maximise the use of available land. For example, in November 2000 we completed the development of Akruti Softech Park, a private software technology park in Mumbai. We are also currently in the process of developing a 20-storey fully mechanised car park with capacity for 240 cars to be developed in Mumbai on a small plot of land measuring only approximately 18m x 18m, using fully automated technology imported from Europe. We have considerable experience in undertaking and using design, planning and construction techniques to successfully execute challenging projects and we incorporate attractive modern design features into our developments.

Established reputation for practically and efficiently regenerating slum lands

Our successful redevelopment of various slums within Mumbai and our commitment to regenerating the locations in which we carry out our slum rehabilitation projects has afforded us credibility with government agencies and affected slum dwellers, which we believe will facilitate our obtaining approvals and consents required for future slum rehabilitation projects that we undertake. Our management believes that the experience we have gained in carrying out slum rehabilitation projects in Mumbai positions us well to carry out further slum rehabilitation in Mumbai and in other Indian cities and states, as 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 business in the city of Mumbai where we believe there are substantial prospects for further slum development. We are currently developing sites situated on former slum land in Mumbai with a total land area of 8,026,000 square feet for residential, commercial and retail projects.

We also believe that there is 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 Slum Rehabilitation Scheme 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 potential.

Diversify our portfolio of projects

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 new townships, hotels and serviced apartments. We also intend to further develop business lines in which we have recently commenced activity, such as the development of shopping malls, and we have tendered for the development of further IT parks, while continuing our existing real estate business lines. As part of this strategy, our first six shopping malls are currently under development.

Increase our land available for development in strategic locations

We recognise that continuing to build 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. Our management estimates that collectively our projects under development will involve the development of residential, commercial and retail developed area over the next three to five years of approximately 3,425,000 square feet, 8,207,000 square feet and 1,723,000 square feet, respectively, totalling approximately 13,355,000 square feet. These represent projects for which construction has commenced, in respect of which we have executed memoranda of understanding (that is, projects 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 developed as part of our participation in the Slum Rehabilitation Scheme).

As of November 30, 2006, we had also initiated steps to acquire development rights over a further 1,654,000 square feet of land area, primarily located in Mumbai, in respect of which our management believes, based on applicable zoning regulations, that we will be able to develop approximately 3,122,000 square feet of saleable or lettable building area. We also are currently evaluating the acquisition of land or development rights in other cities where we see significant growth potential, such as Jaipur, Delhi, Chennai, Ahmedabad and Hyderabad. By increasing the amount of land over which we hold development rights, we aim to enable our business to expand nationally and into additional real estate development business lines.

Partner selectively with experienced local and international participants in the real estate industry

We are experienced in carrying out 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, the Nilkanth Group and the Shapoorji Pallonji Group. We recognise that collaborating strategically with other firms can reduce our capital investment and leverage our development capabilities, allow us to benefit from an enhanced pool of construction and marketing expertise and experience, and facilitate our expansion into additional geographic areas and business lines. In addition, by partnering with local firms in other Indian regions, we can benefit from our local partners' experience, regional language abilities, business contacts 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, including Pune and Bangalore, and other areas, where we see significant growth potential.

Sell or lease properties in response to market conditions

We sell or lease properties to third parties in response to market conditions, which conditions at times may favour the sale of properties to our customers, and at times may favour a rental model. Within our commercial developments, we have sold certain space to our customers, while retaining ownership of and renting to customers other space. We currently sell all of our residential properties, and intend to lease space in our retail developments to our customers once these are completed.

We may seek to retain ownership of our future commercial properties, and lease them to our customers, in order to capture for ourselves any appreciation in the market value of such properties. To this end, we have securitised our future rental income in respect of most of our commercial properties with various Indian banks. Pursuant to these securitisations, we receive a lump-sum payment from the bank once the commercial property has been completed and rented, and the bank receives directly from our tenants the rent paid in respect of such properties, usually for a term of eleven years. Upon the completion of this eleven year term, we are restored the right to receive rental amounts paid in respect of our property. We have adopted this securitisation strategy with respect to our rental properties in order to be able to receive these funds up-front upon the completion and rental of each project, while still capturing upon the conclusion of the securitisation term any appreciation in value which may have occurred during such period with regard to such properties.

DESCRIPTION OF OUR BUSINESS

We currently have projects under development in three main lines of business – commercial, residential and retail real estate development – and principally focus our business activities in the area in and around Mumbai. To date, we have completed various commercial and residential projects.

Our commercial real estate development activities presently include the development of commercial office space, including office towers and information technology parks; our residential real estate development activities presently include the development of residential apartment buildings; and our retail real estate development activities include the development of shopping malls (with our first six shopping malls currently under development).

We plan to continue to undertake significant future real estate development activity in each of these business lines in Mumbai and in select markets elsewhere in India. We also intend to diversify into other real estate related businesses such as the development of townships (which we envisage will include residential, commercial and retail facilities and related infrastructure), Bio-IT Parks, hotels and serviced apartments.

We have also acquired interests in land or development rights over land for purposes of future development.

Our Projects

The following table presents, as of November 30, 2006, an overview of the approximate saleable or lettable 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 development rights and/or executed memoranda of understanding with regard to such acquisition. The table includes projects that we have developed or are developing independently as well as in partnership with third parties.

Area ('000 sq. ft.)	**Key business lines[1]**					**Rehabilitation[2]**	**Total**
Our projects	Commercial	Residential	Retail	TDR	Total		
Historical	741	474	-	-	1215	1464	2679
Projects Under Development[6]	664	485	101	39	1289	580	1870
Planned Projects	601	1,343 [3]	-	2,995 [5]	4939	1169	6108
Joint	Commerci	Residentia	Retail	TDR	Total		

Venture[(4)]	al	l					
Historical	-	179	-	-	179	2116	2295
Projects Under Development[(6)]	7,543	2940	1622	254	12359	2706	15065
Planned Projects	870	363	-	69	1,302	240	1,542

(1) We derive sales and rental income directly from our commercial, residential and retail projects.

(2) We obtain land development rights and TDRs in respect of our rehabilitation projects.

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

(4) Represents the total square footage of development undertaken through joint ventures or partnerships, not our proportionate interest in such square footage.

(5) Includes our agreement with a third party to acquire TDRs representing approximately 2,613,000 square feet of area, if such TDRs are allocated to the third party by GOM.

(6) The total amount of developable area in respect of our projects under development is approximately 13,355,000 square feet, of which approximately 99,000 square feet of area is to be given away to third parties, as agreed with such third parties. The total amount of area that the Company will develop is therefore approximately 13,256,000 square feet.

(7) The total amount of developable area in respect of our planned projects is approximately 3,177,000 square feet, of which approximately 55,000 square feet of area is to be given away to third parties, as agreed with such third parties. The total amount of area that the Company will develop is therefore approximately 3,122,000 square feet.

We derive sales and rental income directly from the sale and rental of our commercial, residential and retail projects. We do not derive sales or rental revenue directly from the development of slum rehabilitation projects, but rather obtain land development rights and TDRs, which TDRs we may use in connection with our own projects or sell to third parties. We use the land development rights that we obtain for the purpose of developing our own commercial, residential and retail projects, upon completion of which we derive revenue from their sale or lease. We generally seek to use the TDRs we obtain to build our own projects in permitted areas, but occasionally choose to sell the TDRs to other developers.

Our commercial real estate business

Our completed commercial developments include office towers and information technology parks. Our first significant commercial development was Akruti Softech Park, which opened in November 2000. As of November 30, 2006, across our various commercial real estate projects we had leased approximately 281,000 square feet, sold approximately 379,000 square feet of commercial real estate space, we self-occupied approximately 36,000 square feet, and approximately 26,000 square feet remains vacant. As of that date, we had acquired development rights in respect of lands suitable for development of approximately 8,207,000 additional square feet of commercial space. In addition, we are in the process of acquiring development rights in respect of lands suitable for the development of approximately 1,471,000 additional square feet of commercial space.

We have sought to strengthen and expand our relationships with our commercial tenants. Our commercial tenants include leading Indian and international corporations who require high quality office and other commercial space. Several of our commercial tenants, including Tata Consultancy Services, 3i Infotech Limited and BNP Paribas, have rented commercial units from us in more than one of our commercial developments.

As of November 30, 2006, our commercial properties experienced a 100% occupancy rate, with the exception of Akruti Centre Point, which is currently approximately 89% occupied and where we are evaluating the sale or lease of the remaining 11%.

Our completed commercial real estate developments

As of November 30, 2006, we had completed approximately 741,000 square feet of saleable or lettable commercial space. The table below provides summary information as of November 30, 2006 relating to our completed commercial real estate developments, all of which are located in Mumbai.

Project Name	**Saleable or Lettable Area ('000 sq. ft.)**	**Construction start date**	**Completion date**	**Our Share (%)**
Akruti Trade Centre	216	August 1999	March 2003	100%
Akruti Centre Point	214	September 2004	March 2006	100%
Akruti Business Port	139	February 2001	October 2003	100%
Akruti Softech Park	118	May 1999	November 2000	100%
Akruti Arcade	41	December 1998	February 2002	100%
Arkuti Orion	13	March 2004	December 2005	100%
Total	**741**	—	—	**100%**

Examples of our completed commercial real estate developments include:

Akruti Trade Centre. An office tower completed in March 2003, Akruti Trade Centre consists of approximately 216,000 square feet of lettable commercial space in the prime location of MIDC, Andheri (E), Mumbai. The development is seven storeys high, with a double basement for car parking space and a roof terrace garden and cafeteria space. The building's features include imported structural glazing using toughened glass and an atrium with a glass dome roofing providing natural light, fully computerised, imported high speed elevators, Italian marble flooring and high ceilings. As well as housing our headquarters, the principal tenants of Akruti Trade Centre include Tata Consultancy Services, Kale Consultants, APL Logistics, Goldshield, 3i Infotech Ltd and BNP Paribas.

Akruti Centre Point. An office tower completed in March 2006, Akruti Centre Point consists of approximately 214,000 square feet of lettable commercial space in the prime location of MIDC, Andheri (E), Mumbai. The development is eight storeys high with a double basement for car parking. The building's features include state of the art computerised lifts and structural glazing with toughened glass. The principal tenants of Akruti Centre Point include 3i Infotech Ltd., BNP Paribas, Value Electronics Ltd. (a member of the Tata Group) and Woolworth's.

Akruti Business Port. An office tower completed in October 2003, Akruti Business Port consists of approximately 139,000 square feet of lettable commercial space in the prime location of MIDC, Andheri (E), Mumbai. The development is six storeys high, containing a basement for car parking. The building's features include high speed elevators imported from Korea, aluminium glazing with tinted glass, marble and granite. The principal tenant of Akruti Business Port is Tata Consultancy Services.

Our commercial real estate projects currently under development

We are currently developing a number of commercial real estate projects. As of November 30, 2006, we had commenced construction with regard to approximately 8,207,000 square feet of saleable or lettable commercial space independently and in conjunction with our joint venture partners. The table below provides summary information as of November 30, 2006 of our current commercial real estate projects:

Project Name	**Saleable or Lettable Area ('000 sq. ft.)** [(1)]	**Construction start date**	**Scheduled completion date**	**Our Share (%)**
Our projects				
- Akruti Central Square	364	May 2007	December 2010	100
- Akruti Central Link	300	May 2007	December 2010	100
Our joint venture projects				
- DLF Akruti Info Park, Pune	5,000	March 2006	March 2012	33
- Akruti City	2,492	March 2006	March 2011	33.3
- Akruti Empire[(2)]	51	October 2006	March 2008	100
Total	**8,207**	—	—	—

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

2. Undertaken by our subsidiary, Vishal Tekniks Civil Pvt Ltd.

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

DLF Akruti Info Park, Pune. An IT park complex scheduled for completion in June 2012, DLF Akruti Info Park, Pune upon completion is planned to consist of eight buildings, aggregating approximately 5,000,000 square feet of saleable/lettable commercial space in the prime location of Hinjewadi, Pune. Features will include a structural glazing with high performance glass, imported high speed elevators, 100% power back up and fire detection and prevention systems.

Akruti City. An office tower scheduled for completion in March 2011, Akruti City upon completion is planned to consist of approximately 2,492,000 square feet of saleable/lettable commercial space in the prime location of Ghatkopar (East). The building's features will include a glass atrium, standard glazing with high performance glass, imported high speed elevators, 100% power back up and fire detection and prevention systems. The building will be sited in landscaped grounds.

Akruti Central Square. An office tower scheduled for completion in December 2010, Akruti Central Square upon completion is planned to consist of approximately 364,000 square feet of lettable commercial space in the prime location of MIDC, Andheri (E), Mumbai. The building's features will include a glass atrium, standard glazing with high performance glass, imported high speed elevators, 100% power back up, fire detection and fire prevention systems.

Akruti Central Link. An office tower scheduled for completion in December 2010, Akruti Central Link upon completion is planned to consist of approximately of 300,000 square feet of saleable/lettable commercial space in the prime location of MIDC, Andheri (E), Mumbai. The building's features will include will include a glass atrium, standard glazing with high performance glass, imported high speed elevators, 100% power back up and fire detection and fire prevention systems.

Our planned commercial real estate projects

We are currently planning to develop approximately 1,471,000 square feet of commercial property in Mumbai within the next three to five years. We intend to market these properties to multinational clients and leading Indian commercial firms as clients. 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.

We are part of a consortium that was recently awarded a biotechnology project by the Government of Gujarat as part of a PPP (Public Private Participation) initiative. The project is located at Savli near the Vadodara airport and involves the development of various infrstrcture facilities and utilities that are required by biotechnology companies. Our partners in the consortium are TCG Urban Infrastructure Holdings Limited and the Gujarat State Biotechonology mission. The project is spread over three phases and an area of 708 acres. The first phase will involve only the marketing of already developed area covering 90 acres, for which the consortium will be paid a fixed percentage of the sale price determined on the basis of an agreed formula. Following the achievements of specified targets the second and third phases will involve the development of 124 acres and 494 acres, respectively, which would be leased to the consortium on a long term basis and sold upon development. The profits from the sale would be shared with the Government of Gujarat on the basis of an agreed formula. The project is at an early stage and we are currently in the process of preparing our financial models for the project.

Our residential real estate business

Our residential real estate projects consist of multi-unit apartment buildings, with residences ranging from one bedroom flats to higher end, five bedroom residences. Since our founding, we have developed over 653,000 square feet of residential space for sale to customers. As of November 30, 2006, we had commenced construction with regard to approximately 3,425,000 square feet of additional saleable residential space. In addition, we are in the process of acquiring development rights in respect of land for the development of approximately 1,706,000 square feet of further saleable residential space.

Our completed residential real estate developments

Our completed residential developments are all located in Mumbai. As of November 30, 2006, we had completed approximately 653,000 square feet of saleable residential space independently and in conjunction with our joint venture partners. The table below provides summary information as of November 30, 2006 relating to our completed residential developments in Mumbai.

Project Name	Saleable Area	No of Units	Construction start date	Completion date	Our Share (%)

	(`000 sq. ft.)				
Our projects					
- Akruti Niharika	326	315	November 1998	January 2006	100%
- Akruti Elegance (A- Wing)	63	54	September 2004	July 2005	100%
Our joint venture projects[(1)]					
- Akruti Aneri	80	119	July 1998	September 2003	55%
- Akruti Orchid Park 'A'& 'B'	73	108	August 2004	December 2005	11%
- Akruti Aditi	14	37	October 1997	June 1999	55%
- Akruti Classic	12	14	February 2001	March 2002	83%
Our Subsidiary Company Projects					
- Akruti Aditya	29	35	December 1998	May 2000	55%
- Akruti Aastha	25	10	June 2001	August 2003	7%
- Akruti Laxmi	16	20	July 2001	May 2003	88%
- Akruti Aditya (Ext)	15	13	September 2004	January 2006	55%
Total	**653**	**725**	**—**	**—**	**—**

(1) 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:

Akruti Niharika. A residential complex of six buildings completed in January 2006, Akruti Niharika consists of 315 residential units and approximately 326,000 square feet of saleable residential space in the prime location of Andheri (E), Mumbai. The development is twelve storeys high containing a basement for car parking and a fully equipped gymnasium. Each unit in this complex features modern materials, fixtures and fittings, including vitriform flooring and granite kitchen work surfaces. This residential project has been fully sold.

Akruti Aneri. A residential complex of five buildings completed in September 2003, Akruti Aneri consists of 119 residential units and approximately 80,000 square feet of saleable residential space in the prime location of Marol, Andheri (E), Mumbai. The development is eight storeys high, containing a health club and gymnasium. Each unit in this complex features granite flooring, gypsum plaster, aluminium sliding windows and decorative window and door grills. This residential project has been fully sold.

Akruti Elegance (A-Wing). A residential tower completed in July 2005, Akruti Elegance (A-Wing) consists of 54 residential units and approximately 63,000 square feet of saleable residential space in the prime location of Mulund (E), Mumbai. The development has a car park on the ground floor and is twelve storeys high. This residential project has been fully 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 November 30, 2006, we have commenced construction of approximately 3,425,000 square feet of saleable residential space independently and in conjunction with our joint venture partners. The table below provides summary information as of November 30, 2006 relating to our residential real estate projects currently under development in Mumbai.

Project Name	Saleable Area (`000 sq. ft.)	No of Units	Construction start date	Scheduled completion date	Our Share (%)
Our projects					
- Akruti Lakewood	243	— [2]	March 2006	March 2010	100%
- Akruti Erica	55[3]	55	September 2005	December 2006	100%
- Akruti Princess	183	— [2]	December 2007	March 2010	100%
- Akruti Elegance (B Wing)	5[4]	54	February 2004	December 2006	100%
Our joint venture projects[1]					
- Emperor Towers	2,360	—[2]	April 2008	April 2014	25%
- Akruti Orchid Park (Wing C To I)	189	418	March 2005	March 2008	11%
- Akruti Emerald	142	48	April 2008	April 2010	60%
- Akruti Ambience	159	153	March 2008	March 2011	75%
- Akruti Solitaire	53	58	March 2008	March 2011	50%
- Akruti Turf View	36	39	October 2007	December 2008	33%
Total	**3,425**	**825**[5]	—	—	—

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

2 Number of units to be developed has not yet finalised.

3 The total area to be developed is 79,000 square feet, of which 24,000 square feet has been sold. This sold area has not been taken into account for the purposes of valuing the project. The remaining 55,000 square feet of area has been taken into account for the purposes of the first table under the heading "Description of our Business – Our Projects" above.

4 The total area to be developed is 65,000 square feet, of which 56,000 square feet has been sold for residential purposes and 4,000 sq.ft. has been sold for retail purpose, leaving 5,000 square feet of unsold retail area. The sold area of 60,000 square feet has not been taken into account for the purposes of valuing the project. The unsold area of

5000 square feet has been taken into account for the purposes of the first table under the heading “Description of our Business – Our Projects” above.

5 With regard to projects for which the number of units to be developed has not yet been finalised, this total does not include any units with regards to such projects.

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

Akruti Lakewood. A residential complex of four buildings scheduled for completion in March 2010, Akruti Lakewood upon completion is intended to consist of approximately 243,000 square feet of saleable residential space in the prime location of Thane (E), near Mumbai.

Akruti Princess. A residential building scheduled for completion in March 2010, Akruti Princess upon completion is intended to consist of approximately 183,000 square feet of saleable residential space in the prime location of Worli Sea Face, Mumbai.

Emperor Towers. A residential complex of two towers scheduled for completion in April 2014, Emperor Towers upon completion is planned to consist of approximately 2,360,000 square feet of saleable residential space in the prime location of Mahalaxmi Race Course, Mumbai. The development upon completion is planned to contain retail space and a car park on some of the lower floors. The towers are planned to be among the tallest structures in Mumbai.

Akruti Ambience. A residential building scheduled for completion in March 2011, Akruti Ambience upon completion is planned to consist of 153 units and approximately 159,000 square feet of saleable residential space in the prime location of Bandra (E), Mumbai.

Our planned 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 in key locations in Mumbai. We intend to develop approximately 1,706,000 square feet of saleable residential property in Mumbai within the next three to five years. As a new line of business, we also intend to carry out the development of new townships elsewhere in India.

Our retail real estate business

Our retail real estate developments currently under development

All our retail real estate development projects are currently under development. Our retail real estate developments consist of six shopping malls currently under development in Mumbai. As of November 30, 2006, we had commenced construction of approximately 1,723,000 square feet of lettable retail space independently and in conjunction with our joint venture partners. The table below provides summary information as of November 30, 2006 relating to our retail developments currently under development in Mumbai.

Project Name	Lettable area (`000 sq. ft.)(1)	Construction start date	Anticipated completion date	Our Share (%)
Our projects				
- Akruti One World Mall	65	March 2007	March 2010	100%

(A-Mall)				
-Akruti Elite Plaza	36	March 2004	October 2007	100%
Our joint venture projects				
- Akruti One World Mall (Saiwadi Mall)	940	October 2006	October 2010	50%
- Akruti One World Mall (K-Mall)	243	May 2005	December 2007	40%
- Akruti One World Mall (S-Mall)	265	May 2006	May 2008	48%
- Akruti One World Mall (Shankarwadi)	174	October 2006	May 2008	50%
Total	1,723	—	—	—

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

Our retail properties currently under development in Mumbai include:

Akruti One World Mall (A-Mall). A shopping mall complex scheduled for completion in March 2010, Akruti One World Mall (A-Mall) upon completion is intended to consist of approximately 65,000 square feet of lettable space in the prime location of Thane, which is a fast growing city near Mumbai. The development upon completion is planned to be nine storeys high, with a double basement for car parking. The building is also expected to contain a multiplex cinema.

Akruti Elite Plaza. A shopping mall scheduled for completion in October 2007, Akruti Elite Plaza upon completion is intended to consist of approximately 36,000 square feet of lettable space in the prime location of Bhulabhai Desai Road, Mahalaxmi, Mumbai. The development upon completion is planned to be three storeys high, containing a double basement for car parking. Adjoining the Akruti Elite Plaza will be an innovative car park tower, Akruti Elite Car Park, featuring a fully automated mechanised car parking system imported from Europe to be built by us on a small plot of land measuring only approximately 18m x 18m. Upon completion, this car park is planned to be 20 storeys high, containing space for 240 cars.

Akruti One World Mall (Saiwadi Mall). A shopping mall complex of two towers scheduled for completion in October 2010, Akruti One World Mall (Saiwadi Mall) upon completion is intended to consist of approximately 940,000 square feet of lettable space in the prime location of Saiwadi, Andheri, Mumbai. The development upon completion is planned to consist of two towers, each ten storeys high, with a connecting passageway at basement level. The mall will contain a hypermarket, an atrium, entertainment and recreation areas, as well as restaurants and a food court. This mall is strategically located with easy accessibility close to the Western Express Highway, the S.V. Road and Andheri Railway Station, and will have multilevel mechanical parking for about 1,500 cars.

Akruti One World Mall (K-Mall). A shopping mall complex scheduled for completion in December 2007, Akruti One World Mall (K-Mall) upon completion is intended to consist of approximately 243,000 square feet of lettable space in the suburban location of Kanjurmarg, Mumbai. The development upon completion is planned to be four storeys high and a double level basement with parking for 450 cars. The mall will also contain glass elevators, escalators, an atrium, a multiplex cinema, a fine dining area with a terrace garden, and a banquet hall with a terrace garden.

Akruti One World Mall (Shankarwadi). A shopping mall complex scheduled for completion in May 2008, Akruti One World Mall (Shankarwadi) upon completion is intended to consist of approximately 174,000 square feet of lettable space. It will be located on the Western Express Highway in the prime location of Jogeshwari (E), Mumbai. The development upon completion is planned to be eight storeys high.

Akruti One World Mall (S-Mall). A shopping mall complex scheduled for completion in March 2008, Akruti One World Mall (S-Mall) upon completion is intended to consist of approximately 265,000 square feet of lettable space in the prime location of Thane, near Mumbai. The development upon completion is planned to be nine storeys high, the first four floors to be used as a shopping mall and the upper five floors for commercial use, as well as a basement for car parking. This mall has a dome shaped atrium, multiplex cinemas, banquet halls and garden terraces.

Land Acquisition

We have development rights over a significant amount of land, comprising slum rehabilitation land owned by the applicable slum rehabilitation authorities, interests in land acquired by us from third parties and land leased by us from third parties Of the nearly 5.0 million square feet of building area we have developed to date in India, approximately 4.8 million square feet, or approximately 97%, has been developed on land made available for development through our participation in slum rehabilitation projects.

Land acquisition through slum rehabilitation 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 GOM's Slum Redevelopment Committee (the "SRC"), which governmental entity was later converted by statute in 1995 into the Slum Rehabilitation Authority ("SRA"), an agency of the GOM. 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. Amongst other roles, the Maharashtra Industrial Development Corporation ("MIDC"), fulfils a similar ownership and permitting function with respect to MIDC-owned lands within a specific area of Mumbai known as the Marol Industrial Area.

The present slum rehabilitation scheme in effect in Mumbai was established by the SRA in the mid-1990's as a means of providing housing to slum dwellers and regenerating urban areas on which Mumbai's urban slums are located. We believe that we are one of the most experienced developers in these projects in Mumbai. To date we have constructed over 9,300 units in 155 buildings to house former slum dwellers in exchange for developable land or TDRs from the GOM. We believe that our participation in these slum rehabilitation schemes has enabled us to acquire development rights over a significant amount of urban land in Mumbai at a relatively low cost.

Under the Slum Rehabilitation Scheme, the SRA and the MIDC each has 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 slum rehabilitation schemes, upon the consent of 70% of eligible slum dwellers, namely those who have remained in occupation of such slum lands since 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", stating the building area required to be constructed for the slum dwellers and the building area which the developer is entitled to develop for its own sales or lease purposes. A further approval, known as an intimation of approval, is obtained by the developer from such 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 construct a building on the slum land consisting of residential units for the eligible slum dwellers, each of at least 225 square feet, to house the eligible slum dwellers.

Upon completion of the buildings, these are inspected and a certificate of occupation is granted by the SRA or MIDC, as the case may be. The certificate of occupation for the buildings developed for the developer's own sale or lease purposes, which certificate entitles occupancy of a building, can not be granted until the buildings required to house the former slum dwellers have been completed and inspected. Eligible slum dwellers are given, at no charge, an apartment within the newly constructed apartment 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 appropriate, 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, 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.

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 extendable for further lease terms of 30 years and at a nominal rental amount, in respect of the area on which the additional building is constructed by the developer. 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 terms and on 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 which 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 may 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 periodically derive revenues from the sale of TDRs to third parties. We did not complete any sales of TDRs during the fiscal year ended March 31, 2003 or 2005 or in the eight month period ended November 30, 2006. However, we did sell TDRs to third parties in the fiscal years ended March 31, 2004 and 2006 (see "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 274). We may in the future sell further TDRs to third parties if market conditions for such sales are favourable.

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 against the risk that a planned development does not proceed for any reason as we do not incur land acquisition costs at the outset of slum rehabilitation projects. Similarly, our use of slum rehabilitation projects to procure buildable land also provides us the benefit of protection against future increases in land purchase prices.

Of the nearly 5.0 million square feet of building area we have developed to date in India, approximately 4.8 million square feet, or approximately 97%, has been developed on land made available for development through our participation in slum rehabilitation projects. We presently have approximately 9,200 additional apartments for slum dwellers currently under construction in Mumbai and almost a further 8,100 at the planning stage, pursuant to slum rehabilitation schemes in effect in Mumbai. We believe that the experience we have gained in carrying out slum rehabilitation projects in Mumbai positions us well to carry out further slum rehabilitation projects both in Mumbai and in other regions, such as the states of Rajasthan and Karnataka, should current plans in those areas come to fruition.

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 expect to be of assistance in our obtaining the approvals and consents required for future slum rehabilitation projects we 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-Akruti JV, 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 this housing, our joint venture received certain TDRs. These TDRs were sold during the year ended March 31, 2006, and our share of such income was Rs.280.83 million.

We also are presently developing pursuant to a tender from the Municipal Corporation of Mumbai a car park, the Akruti Elite Car Park, featuring a fully mechanised car parking system imported from Europe built by us on a small plot of land measuring only approximately 18m x 18m. Upon completion, this car park is planned to be 20 storeys high, containing space for approximately 240 cars. As a result of our successful tender, we have received the right to operate and retain revenues from this car park for five years, at the end of which we are obliged to transfer this asset to the Municipal Corporation of Mumbai. As additional compensation for undertaking this project, we have received development rights over a neighbouring parcel adjoining the site of the Akruti Elite Car Park, on which we plan to develop a commercial shopping mall, the Akruti Elite Plaza, scheduled for completion in October 2007. The Akruti Elite Plaza upon completion is intended to consist of approximately 36,000 square feet of lettable space in the prime location of Bhulabai Desai Road, Mahalaxmi, Mumbai.

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 interests in land in the form of a memorandum of understanding. Formal conveyancing 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 and transact with alternative purchasers.

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

Other governmental authorities in India outside Mumbai are beginning to replicate the Slum Rehabilitation Scheme model in other states outside of Mumbai. 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 in other locations outside Mumbai.

Land Available for Development

The table below illustrates the amount of land that we hold available for development in respect of our planned projects as of November 30, 2006.

Type of land	Area (‘000 sq. ft.)
Interests in Land acquired from private third parties	653
Land leased from private third parties	Nil
Government-owned land over which the Company holds development rights	1,001
Total (surface area)	1,654

Total sellable or leasable area	3,177

As of November 30, 2006, we had also made partial payments in respect of a further 1,654,000 square feet of total land area in Mumbai, in respect of which our management believes, based on applicable zoning regulations, that we will be able to develop approximately 3,177,000 square feet of saleable or lettable building area. We retained the Valuers to perform a land valuation over our projects under development and land available for development as of September 15, 2006. The properties valued included the following:

(1) approximately 11,763,000 square feet of land presently under development, on which it is estimated that we will be able to develop approximately 13,256,000 square feet of developed area, and a further 99,000 square feet of area which is to be given away to third parties, as agreed with such third parties; and

(2) 1,654,000 square feet of undeveloped land available for development, and on which it is estimated that we will be able to develop approximately 3,122,000 square feet of developed area, and a further 55,000 square feet of area which is to be given away to third parties, as agreed with such third parties.

The Valuers have reported as follows:

(1) Knight Frank has valued sixteen of our projects, and has opined that as of September 15, 2006, the net present value of such projects is Rs.25,190 million, of which the Company's share is Rs.12,611 million;

(2) CB Richard Ellis has valued three of our projects, and has opined that as of September 15, 2006, the open market value of such projects is Rs.2,852 million, of which the Company's share is Rs.2,852 million;

(3) Trammell Crow Meghraj has valued sixteen of our projects, and has opined that as of September 15, 2006, the fair market value of such projects is Rs.57,911 million, of which the Company's share is Rs.24,816 million (including Rs.1,772 million representing the value of the TDRs proposed to be acquired from a third party if allocated by the GOM).

We have sold approximately 45,000 square feet of developed area (including our shares in projects developed through joint ventures) for a total consideration of Rs. 191.0 million (including our shares of revenue in projects developed through joint ventures) subsequent to September 15, 2006.

Our management believes that it will take us approximately three to five years to complete our ongoing and currently planned projects and develop the remaining land.

The valuation of these properties is subject to the limitations and assumptions described in the Valuer's valuation letters reproduced as Appendices A, B and C. In particular, the valuation assumes a freehold interest in lands with clear, marketable title that is free of encumbrances. Notwithstanding this assumption, most of our lands and the lands that we have agreements to acquire and for which we have made partial payment do not have guaranteed title and may be subject to encumbrances. In addition, in respect of other lands obtained through slum rehabilitation in the Mumbai area, we hold long-term 30-year renewable leases, rather than a freehold interest. To the extent the assumptions made by our Valuers are incorrect, or if any other risks or contingencies not adequately foreseen in their assumptions actually occurs, the proceeds that we realise from these properties could be materially lower than the valuation. If we are unable to obtain good title to those lands, the valuation would have to be appropriately reduced.

The predecessor entity of Tramell Crow Meghraj in India has provided certain other services to us in the ordinary course of business and we have paid an aggregate sum of Rs. 1,097,110 from the year ended March 31, 2002 to date for such services. CB Richard Ellis has also provided such services to us in December 2006 in respect of which an amount of Rs. 2,175,743 is payable by us.

As of November 30, 2006, the remaining amount due in respect of the 1,654,000 square feet of lands for which we have made partial payments was Rs.1,550.10 million (which include our investments in our joint venture projects.)

Our partnerships and joint ventures

We undertake a significant number of projects in partnership or in a joint venture with third party developers. For example, we are presently developing with the DLF Group and the Shapoorji Pallonji Group a large plot of land at Mahalaxmi, Mumbai comprising approximately 2,360,000 square feet intended to be developed as residential apartments and we are currently developing with DLF a shopping mall in Andheri (E), Mumbai. Once we have identified and obtained 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 in our development 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. By working with joint venture partners, 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 in respect of some of the projects we tender for 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, though in some cases a special purpose vehicle will also be incorporated to undertake the development of a specific project (see the section entitled "History and Certain Corporate Matters" on page 115). 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 venture agreements through our subsidiaries.

Potential New Lines of Business

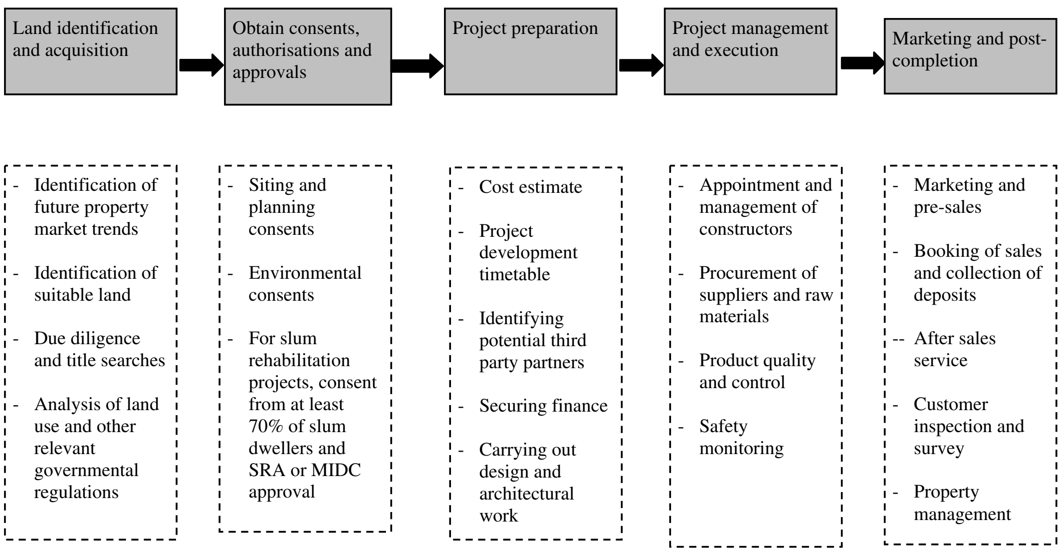
In order to further diversify our business, we are evaluating and may undertake in the future the development of new projects in other areas of the real estate development industry, including those described in further detail below.

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. We have identified a property site, situated on the highway between Mumbai and Pune, and 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.

OUR PROJECT EXECUTION METHODOLOGY

We utilise in our business a five-part execution methodology for our development projects, consisting of land identification and acquisition, obtaining consents, authorisations and approvals required for development, project preparation, project management and execution and 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 localities which have development potential. We also use the feedback 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 which may be suitable for development, we, together with our local lawyers, conduct due diligence investigations in respect of land 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 conveyancing 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 have considerable experience 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 which is eligible for redevelopment, developers are obliged 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.

In general, after identifying a suitable development site, the time taken to obtain the requisite approvals, consents and authorisations ranges from approximately two to four months for our developments on privately owned land and five to seven months for slum rehabilitation developments (as a result of the extra time involved in obtaining the slum dwellers' consents).

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 Financial Officer, is responsible for all of our borrowings and for financing each project.

We have securitised our future rental income in respect of most of our commercial properties with various Indian public sector undertaking ("PSU") banks, including Canara Bank and Punjab National Bank. See the section entitled "Financial Indebtedness" on page 299. Pursuant to these securitisations, we receive a lump-sum payment from such bank once the commercial property has been completed and rented, and the bank receives directly from our tenants the rent paid in respect of such properties, usually for a term of eleven years. Upon the completion of this eleven year term, we are restored the right to receive rental amounts paid in respect of our property. We have adopted this securitisation strategy with respect to our rental properties in order to be able to receive these funds up-front upon the completion and rental of each project, while still capturing upon the conclusion of the securitisation term any appreciation in capital value which may have occurred during such period.

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 were incorporated, commenced our real estate development work and undertook our first residential development project. Initially, we directly executed ourselves most of the construction work for our own projects. 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 constructors, thereby enabling us to focus on project management, and to leverage the scale of our real estate development capability. We believe, however, that our prior construction experience enables us to understand the issues faced by our external contractors and the way in which our external constructors work. All of our current projects are carried out using the services of third party constructors. 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 approximately 15 to 20 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 constructors.

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, constructors, 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 seek to foster good relations with our customers and to keep in touch with them by sending periodic newsletters and mail pieces. In each of our developments we will provide all of our customers 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 all of our commercial and retail properties and, in respect of our residential developments we also provide property management services for a limited time, until the formation of a co-operative residents association for each of our residential projects.

INSURANCE

Our management believes that our insurance coverage is adequate given our business activities.

We maintain insurance coverage with leading Indian insurers TATA AIG, The New India Assurance and ICICI Lombard covering our assets and operations for all of our projects. The insurance coverage (such as for work in progress and raw materials) we procure varies with respect to each project, and generally includes coverage for fire, earthquake, flood, accident and 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 take out and maintain in effect 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 for a tenant's lost profits.

We maintain directors' and officers' liability insurance in respect of our directors and officers.

EMPLOYEES

Our employees

We employ many well 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 outsourced a significant portion of our employee 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 equivalent to its costs plus a 2-5% mark-up. Citygold is not a subsidiary of our company, and we do not consolidate our accounts with such company.

Our work force presently consists of a growing number of employees, in addition to outsourced staff. As of November 30, 2006, we had 101 employees, including 66 professionals and 35 non-professionally qualified staff. We do not employ any part-time or temporary employees, nor do we employ any construction staff. We do not include in the above employee headcount figures any manpower employed or engaged by our sub-contractors or joint venture partners. As of November 30, 2006, we also utilised 187 outsourced employees on a full-time basis, including 17 professionals and 170 non-professionally qualified staff, all employed by Citygold. Citygold currently outsources to us the services of architects, project managers, and support staff such as file clerks and drivers.

As of June 30, 2005, we did not directly employ any employees. As of June 30, 2005, we utilised 166 outsourced employees on a full-time basis, including 65 professionals and 101 non-professionally qualified staff, all employed by Citygold.

Until November 2005, we did not directly employ any employees, and instead outsourced all of our employees from 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. We expect that with the growth of our business, and the future migration of additional employees from Citygold to our payroll, our employee headcount will increase. We do not directly employ any architects, retaining such professionals instead from various independent architectural firms on a project-by-project basis and more frequently through Citygold, which holds a license enabling it to provide architectural services to third parties.

Employee Compensation

Our employee compensation and benefits include salaries, health insurance and petty employee loans. Our pension contributions in respect of our employees are limited to those contributions required to be made by us under Indian law to state-run compulsory pension programmes. We do not currently have an employee stock option plan, but may adopt such a plan in the future.

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 Akruti 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 the Company. The activities of the Institute, which is a for-profit entity, are supervised by certain members of our Promoter Group.

Labour Relations

Our employees are not unionised, and we have not experienced any work stoppages or significant labour disruptions during our operational history.

INTELLECTUAL PROPERTY

We have registered our trademark and logo "Akruti Nirman Limited" with the trademarks registry at Mumbai under Class 37 in respect of construction, builders, developers, etc. We have applied for the registration of the tradename "Akruti", which tradename we use in relation to most of our projects, including our joint venture projects. This application for registration is currently pending. Further, by way of a trade mark licence agreement dated September 28, 2006 we have granted one of the 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. We also understand that Roopkala Pictures Private Limited had made an application for the grant of registration of the tradename "Akruti" but pursuant to the above arrangement have provided an undertaking to us that they shall withdraw such application made by them. We have also applied for the registration of "Akruti One World" as a trademark.

COMPETITION

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 large Indian commercial, retail and residential real estate development and construction companies in the Mumbai area, such as Hiranandani Developers Limited, Raheja Group, Dhiraj Developers Ltd, Kalpataru Developers, Marathon Group and the Lokhandwala Group.

Given our strategy of expanding our business activities nationally to include real estate development in other select regions in India, we may experience competition in the future from various Indian commercial, retail and residential real estate investment and development companies with significant operations elsewhere in India, such as the DLF Group, Ansal Group, Parsvnath 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.

THE COMPANY'S HEAD OFFICE

Our registered office and corporate headquarters are located at 6^{th} floor, Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai 400 093, India, which premises are owned by us.

REGULATIONS AND POLICIES IN INDIA

The Company is engaged in the business of real estate development. The Company undertakes construction by sub-contracting all its activities. Thus, most of the legal requirements in relation to construction activities are taken care of by such sub contractors. For the purposes of executing the work, the Company 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 Fire Department, the Environmental Department, the City Survey Department, the Collector, MSD, etc. For details of such approvals please see "Government Approvals" on page 317 of this Red Herring Prospectus.

Additionally, our projects require, at various stages, the sanction of the concerned authorities under the relevant state legislation and local bye-laws. While the real estate development industry remains largely unregulated, we are subject to land acquisition, town planning and social security laws. The following is an overview of the important laws and regulations, which are relevant to our business as a real estate developer.

CENTRAL LAWS

Laws relating to land acquisition

The Urban Land (Ceiling and Regulation) Act, 1976 prescribes the limits to urban areas that can be acquired by a single entity. It has however been repealed in some states and union territories under the Urban Land (Ceiling and Regulation) Repeal Act, 1999. The Act is still applicable in the State of Maharashtra, including Mumbai. Further, 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 the right to compensation.

Laws regulating transfer of property

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 ("**T.P. Act**"). The T.P. Act 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.

Registration Act, 1908

The Registration Act, 1908 ("**Registration Act**") has been enacted with the object of providing public notice of the execution of documents affecting transfer of interest in immoveable property. The purpose of the Registration Act is the conservation of evidence, assurances, title, and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act 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 T.P. Act or as collateral), unless it has been registered.

The Indian Stamp Act, 1899

Stamp duty needs to be paid on all documents specified under the Stamp Act and at the rates specified in the Schedules thereunder. The rate of stamp duty varies from state to state. The stamp duty is payable on instruments at the rates specified in Schedule I of the said Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all.

The Easements Act, 1882

The law relating to easements is governed by the Easements Act, 1882 ("**Easements Act**"). The right of easement is derived from the ownership of property and has been defined under the Easements Act 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 or to prevent something from being done 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.

Laws relating to employment

The employment of construction workers is regulated by a wide variety of generally applicable labour laws, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Payment of Wages Act, 1936.

Industrial parks

The GOI has notified the Industrial Park Scheme (the "**Scheme**") on April 1, 2002 in relation to the establishment of industrial parks. Proposals to establish industrial parks which meet the criteria set out in the Scheme are accorded automatic government approval by the Secretariat for Industrial Assistance. Proposals not meeting such parameters require the prior sanction of the 'Empowered Committee' set up in the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, GoI.

Objectives of industrial parks

Any project, being an industrial park, is required to aim at setting up of (a) an industrial model town for development of industrial infrastructure for carrying out integrated manufacturing activities including research and development by providing plots or sheds and common facilities within its precincts, (b) an industrial park for development of infrastructural facilities or built-up space with common facilities in any area allotted or earmarked for the purposes of specified industrial uses, or (c) a growth centre under the growth centre scheme of the GoI.

Tax exemptions

Under the Scheme, a developer who has established an industrial park before March 31, 2006 is granted tax exemptions for a period of 10 years in the form of deduction of 100% of business profits earned from the development, operation and maintenance of the industrial park. The tax benefits under the I.T. Act can be availed only after the number of units indicated in the application to the GOI, are located in the industrial park.

As per section 80 IB (10) if an undertaking is developing and building housing projects approved before March 31, 2007 by a local authority then there is a 100% deduction from the profit derived from such housing projects provided the size of plot of land has a minimum area of 1 acre.

STATE LAWS

The Maharashtra Ownership Flats (Regulation of the Promotion of Construction, Sale, Management and Transfer) Act, 1963.

The Maharashtra Ownership 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.

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:

1. Development Agreement: under the BSA, stamp duty of 1% on consideration/market

value, whichever is more is payable.

2. Power of Attorney: if stamp duty is paid, as above, on the development agreement, then stamp duty payable is Rs. 200/-.

3. Agreement with flat owners: Concessional stamp duty is provided for residential units and stamp duty on commercial units at the rate of 5%.

4. 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.

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 the slum rehabilitation scheme.

In terms of section 40 of the MRTPA, in the case of slums located on land belonging to the MIDC, the MIDC is the Special Planning Authority which is empowered to discharge the duties of the SRA in so far as the slums located in MIDC Industrial belt are concerned.

Working of the Slum Rehabilitation Scheme

1. 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.

2. 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 for it to be considered for approval by the SRA.

3. An individual agreement must be entered into between the developer and the hutment dweller jointly with his/her spouse for every structure.

4. 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 for approval.

5. The SRA scrutinizes the proposal and sanctions the rehabilitation scheme.

6. 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. Further, in terms of the order dated June 30, 2006 of the Bombay High Court in Shiv Sai Bhagwati Co-operative Housing Society (Proposed) v. the SRA, so long as the SRA does not decide the scheme of one developer, it cannot consider the scheme of any other developer.

7. 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 of the proposed .

8. The Developer proceeds with the implementation of the scheme.

9. Eligible hutment dwellers are allotted in exchange for their structure, free of cost, a residential tenement having a carpet area of 20.90 Sq. mtrs (225 Sq.ft). In respect of eligible commercial tenements, equivalent area is allotted to the dweller, as was occupied prior to the development.

10. The Developer will re-house the slum dweller as per the list certified by SRA allotting tenements and shop area free of cost.

11. The Developer should register the society of slum dwellers to be re-housed under the Slum Rehabilitation Scheme after completion of the project.

12. 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.

13. If necessary, temporary transit accommodation is to be provided to the slum dwellers by the Developers during the construction of rehabilitation and free sale structures.

14. 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 Sq.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.

15. 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.

16. 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.

17. The Developer is also required to pay infrastructure development charges of Rs.560/- to 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.

18. 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.

19. 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.

20. The builder is free to construct and sell/lease/mortgage the sale building at any time during the implementation period of the scheme. However, the occupation certificate in the sale building will be given by the SRA / SPA to the extent of 90% of the area for which occupation certificates are given in the rehabilitation building. The balance 10% of the occupation certificate for the sale building will be given only on completion of the rehabilitation scheme. The free sale component of a project can be utilized for residential, commercial or retail purposes.

REGULATIONS REGARDING FOREIGN INVESTMENT

Real estate sector

The GoI has permitted FDI of up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects ("Real Estate Sector"), subject to certain conditions contained in Press Note No. 2 (2005 series) ("Press Note 2"). A short summary of the conditions is as follows:

(a) Minimum area to be developed is 10 hectares in the case of serviced housing plots and 50,000 square metres in the case of construction development projects. Where the development is a combination project, the minimum area can be either 10 hectares or 50,000 square metres.

(b) Minimum capitalization of US$10 million for wholly owned subsidiary and US$5 million for a joint venture has been specified and it is required to be brought in within six months of commencement of business of the company.

(c) Further, the investment is not permitted to be repatriated within three years of completion of minimum capitalization except with prior approval from FIPB.

(d) At least 50% of the project is required to be developed within five years of obtaining all statutory clearances and the responsibility for obtaining it is cast on the foreign investor. Further, the sale of undeveloped plots is prohibited.

(e) Compliance with rules, regulations and bye-laws of state government, municipal and local body has been mandated and the investor is given the responsibility for obtaining all necessary approvals.

We have received confirmation from DIPP vide their letter no. 5(6)/2000-FC(Pt.file) dated November 14, 2006 and from RBI vide their letter No. FE.CO.FID/12752/10.78.000/2006-07 dated December 12, 2006 allowing FII participation in the Issue.

Industrial parks

The GoI has permitted foreign direct investment of up to 100% FDI for setting up of Industrial Parks in India under the automatic route.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we cannot have fewer than three directors or more than 12 directors. We currently have 7 directors on our Board of Directors.

The following table sets forth details regarding our current Directors:

Name, Father's/ Husband's Name, Designation and Occupation	Age	Address	Other Directorships
Mr. Hemant M. Shah **S/o** Mr.Mahipatray V. Shah, **Designation:** Executive Chairman, **Occupation:** Business	53 yrs.	Akruti 23-F, 6th floor, Doongersey Road, Walkeshwar, Mumbai 400006.	1. Akruti Knowledge & Research Limited 2. DLF Akruti Info Parks(Pune) Limited 3. Infrastructure Venture India Limited 4. Mangal Shrusti Gruh Nirmiti Limited 5. Adhivitiya Properties Limited 6. Agreem Properties Limited 7. Arnav Properties Private Limited. 8. E-Commerce Solutions (I) Private Limited 9. Sheshan Housing & Area Development Engineers Private Limited 10. TDR Properties Private Limited 11. Vaishanvi Builders & Developers Private Limited 12. Vishal Nirman (India) Private Limited 13. Vishal Tekniks (Civil) Private Limited 14. Buildbyte.com (India) Private Limited 15. Citygold Investment Private Limited 16. Citygold Management Services

Name, Father's/ Husband's Name, Designation and Occupation	Age	Address	Other Directorships
			Private Limited 17. Dharni Properties Private Limited 18. Gallant Infotech Private Limited 19. Ichha Construction Private Limited 20. Akruti Guestline Private Limited 21. Pristine Developers Private Limited 22. Roopkala Pictures Private Limited 23. Rushank Constructions Private Limited 24. Sanskriti Developers Private Limited 25. Almighty Impex PrivateLimited 26. Akruti Agricultural and Educational Research Private Limited 27. Akruti Farming and Educational Research Private Limited 28. Akruti Farming and Educational Services Private Limited 29. Ukay Valves and Founders Private Limited 30. Vishwajeet Consultancy Private Limited 31. Devraj Consultancy Private Limited 32. Real Technology Machinery Private Limited

Name, Father's/ Husband's Name, Designation and Occupation	Age	Address	Other Directorships
Mr. Vyomesh M. Shah **S/o** Mr.Mahipatray V. Shah, **Designation:** Managing Director, **Occupation:** Business	47 yrs.	Akruti 23-F, 6th floor, Doongersey Road, Walkeshwar, Mumbai 400006.	1. Akruti Knowledge & Research Limited 2. DLF Akruti Info Parks (Pune) Limited 3. Infrastructure Venture India Limited 4. Mangal Shrusti Gruh Nirmiti Limited 5. Adhivitiya Properties Limited 6. Agreem Properties Limited 7. Brainpoint Infotech Private Limited 8. Arnav Properties Private Limited 9. Akruti Centre Point Infotech Private Limited 10. Akulpita Construction Private Limited 11. Vaishanvi Builders & Developers Private Limited 12. Vishal Tekniks (Civil) Private Limited 13. Buildbyte.com (India) Private Limited 14. Citygold Investment Private Limited 15. Citygold Management Services Private Limited 16. Dharni Properties Private Limited 17. Gallant Infotech Private Limited 18. Ichha Construction Private

Name, Father's/ Husband's Name, Designation and Occupation	Age	Address	Other Directorships
			Limited 19. Akruti Guestline Private Limited 20. Pristine Developers Private Limited 21. Roopkala Pictures Private Limited 22. Rushank Construction Private Limited 23. Sanskriti Developers Private Limited 24. Almighty Impex Private Limited 25. Akruti Agricultural and Educational Research Private Limited 26. Akruti Farming and Educational Research Private Limited 27. Akruti Farming and Educational Services Private Limited 28. Everest Kanto Cylinders Limited 29. Ravin Cables Limited 30. Kamal Bakery Private Limited 31. Saicharan Consultancy Private Limited 32. Devkrupa Consultancy Private Limited
Mr. Madhukar Chobe **S/o** Mr. Badrilal Chobe **Designation:**Executive Director **Occupation:** Service	62 yrs.	1101, Akruti– Atria, Wing – B, Off. N. S. Phadke Rd., Niharika Complex, Saiwadi, Andheri (E), Mumbai-400069	1. Akruti Knowledge & Research Limited 2. Adhivitiya Properties Limited 3. Akruti Centre Point Infotech Private Limited

Name, Father's/ Husband's Name, Designation and Occupation	Age	Address	Other Directorships
			4. Chitwan Ispat Private Limited 5. Shri Mahavir Sahakari Bank Limited
Mr. Hayagreeva Ravikumar Puranam **S/o** Mr. Puranam Venkata Subrahmanyam **Designation:** Independent Director, **Occupation:** Service	**55 yrs.**	**501, Yashowan Towers, Behind Mahim Head Post Office, T.H.Kataria Marg, Mahim (W), Mumbai 400 016**	1. Bharat Forge Limited 2. Eveready Industries India Limited 3. National Commodity & Derivatives Exchange Limited 4. National Collateral Management Services Limited 5. NABARD Consultancy Services Limited 6. SKS Microfinance Private Limited 7. The Federal Bank Limited 8. NCDEX Spot Exchange Limited
Mr. Shailesh Haribhakti **S/o** Mr. Vishnu Haribhakti **Designation:** Independent Director, **Occupation: Chartered Accountant**	50 yrs.	228, Kalpataru Habitat, B Wing, Dr. S S Rao Road, Parel, Mumbai – 400 012	1. Pantaloon Retail (India) Limited. 2. Gujarat Ambuja Cement Limited 3. Everest Kanto Cylinder Limited 4. Morarjee Textiles Limited 5. Indian Petrochemicals Corporation Limited 6. Mahindra Gesco Developers Limited 7. Bihar Caustics and Chemicals Limited 8. Blue Star Limited 9. Kotak Mahindra Private Equity Trustees Limited

Name, Father's/ Husband's Name, Designation and Occupation	Age	Address	Other Directorships
			10. Fortune Financial Services (India) Limited 11. The Associated Cement Company Limited 12. Hercules Hoists Limited 13. Haribhakti MRI Corporate Services Private Limited 14. Advantage Moti India Private Limited 15. Moores Rowland Consulting Private Limited 16. E-Biz Chem Private Limited 17. First Policy Insurance Advisors Private Limited 18. Neue Alliance Private Limited 19. Hexaware Technologies Limited 20. Lotus India Asset Management Company Private limited 21. Overseas Infrastructure Alliance India Private Limited 22. Great Offshore Limited 23. Valecha Engineering Limited
Mr. Devarayapuram Kaarthikeyan **S/o** Mr. Ramasamy Kaarthikeyan **Designation:** Independent Director, **Occupation**: Counsultant / Advisor	68 yrs.	5/27, Sarvapriya Vihar, New Delhi - 110016	1. Magus Media Private Limited 2. Star Health and Allied Insurance Company Limited 3. TAJGVK – Hotels & Resorts 4. Vidi Vedika Heritage Private Limited 5. Sri Krishna Sweets U.S.A., Inc.

Name, Father's/ Husband's Name, Designation and Occupation	Age	Address	Other Directorships
Mr. Shailesh Bathiya **S/o** Mr. Haridas Bathiya **Designation:** Independent Director, **Occupation**: Chartered Accountant	51 yrs.	A-5, Haridwar, 2nd Floor, Mathuradas Road, Kandivali (W), Mumbai – 400067	1. Ashapura Minechem Limited 2. Aditya Medisales Limited 3. Tricom India Limited 4. Challenge Consultancy Services Private Limited 5. Challenge Finance and Investments Private Limited

Details of Directors

Mr. Hemant M. Shah, 53 years (passport no. E7536275, Income–Tax PAN: AAHPS2340E, driving license no. 431478) is the Chairman of our Company. He is a Civil Engineer from Mumbai University having 25 years of experience in executing various large projects involving military contracts, government projects, private contracts and real estate developments. Mr. Hemant Shah has been a director of our Company since 1989 and he was previously involved with Vishal Constructions as a partner since 1977. For more details, refer to the section titled "History and Certain Corporate Matters" on page 115 of this Red Herring Prospectus. Mr. Hemant M. Shah has a significant amount of experience in execution and management of a wide variety of construction projects. He is a civil engineer with a self-developed construction business. Mr. Hemant M. Shah presently controls construction planning, execution, marketing, sales and developing new business functions.

Mr. Vyomesh M. Shah, age 47 years (passport no. Z1578498, Income-Tax PAN: AAHPS2338C driving license no. 78/C/41) is the Managing Director of our Company. Mr. Vyomesh Shah has been a director of our Company since 1989 and he was previously involved with Vishal Constructions as a partner since 1977. For more details, refer to the section titled "History and Certain Corporate Matters" on page 115 of this Red Herring Prospectus. He holds a Bachelor of Commerce degree from Mumbai University. He is a Chartered Accountant having over 20 years of experience in the field of construction, finance and property development. He is presently the President of the Slum Redevelopers Association and the Secretary of the Maharashtra Chamber of Housing Industry.

Mr. Madhukar Chobe, 62 years, is a whole-time Director of our Company. He holds a Bachelor of Arts degree from the Pune University. He has served 7 years in the Indian Army with the Regiment of Artillery, and 23 years in the Indian Administrative Service. After taking voluntary retirement in 1994 as Secretary to Government of Maharashtra, Public Heath Department, he has served as a director in Jain Irrigation Systems Limited and as Managing Director of District Central Co-operative Bank.

Mr. Hayagreeva Ravikumar Puranam, 55 years, is an Independent Director of our Company. He is also presently the Managing Director and Chief Executive Officer of National Commodity and Derivatives Exchange Limited. Prior to assuming his present post, he has held senior level positions in ICICI Bank Limited for approximately 10 years, the last being Senior General Manager & Head of Emerging Corporate & Agri Business Group of ICICI Bank Limited. He is a University rank holder in his Bachelor of Commerce degree exam from

Osmania University, Hyderabad. He was awarded a gold medal for banking by the French Chamber of Commerce, Industry and Economy. He is a member on the Board of Directors of Bharat Forge Limited, Eveready Industries India Limited, National Collateral Management Services Limited, The Federal Bank Limited and NABARD Consultancy Services (P) Limited. He also serves on the governing body of the Entrepreneurship Development Institute of India, Ahmedabad and has been a member as a guest faculty speaker on macro topical issues at institutes of management and other industry association platforms.

Mr. Shailesh Haribhakti, 50 years, is an Independent Director of our Company. He is a practicing Chartered Accountant and is the Chairman of the Financial Planning Standards Board, the Indian affiliate of the Certified Financial Planner™ Board of Standards. He is the only Indian member of the reconstituted Standards Advisory Council of the International Accounting Standards Board. He is also a committee member of the futures and options segment of the National Stock Exchange of India Limited, a member of the advisory board of FIMMDA and a member of the Takeover Panel of SEBI. He also serves as a member of the Managing Committee and the Corporate Governance Committee of ASSOCHAN and CII respectively.

Mr. Devarayapuram Kaarthikeyan, 68 years, is an Independent Director of our Company. He holds the degree of Bachelor of Science in Chemistry and Agriculture from Annamalai University, Tamilnadu. He also holds a degree as a Bachelor of Law from Madras Law College, University of Madras and practiced as an advocate for three years. He has subsequently served in the Indian Police Service. He is currently a visiting professor in educational institutions, and holds positions as Chairperson / Patron / President / Deputy Chairman / Adviser / Member in several voluntary organizations including the World Community Service Centre, the National Agriculturists Awareness Movement, the Human Rights Organization, the National Alliance for Fundamental Right to Education, Brahmakumari's Academy for a Better World, the All-India Conference of Intellectuals and the World Congress for Peace and Harmony.

Mr. Shailesh Bathiya, 51 years, is an Independent director of our Company. He is a graduate of law from the Mumbai University. He is a practicing Chartered Accountant and is a senior partner in S. H. Bathiya & Associates. He has over 26 years experience in the fields of Finance, Auditing & Accounting, Mergers & Acquisitions, Corporate Law matters, Project Finance, Taxation and Management Consultancy. He qualified as a Chartered Accountant in 1979. He has been a member of Western India Regional Council of Institute of Chartered Accountants of India for the years 1992 to 1995 and was treasurer of the said council for the year 1992. He was a member of the Financial Markets and Investors' Protection Committee of the Central Council of The Institute of Chartered Accountants of India.

Borrowing Powers of the Directors in our Company

Pursuant to a resolution dated September 28, 2004 passed by our shareholders in accordance with the provisions of the Companies Act, our Board has been authorised to borrow sums of money for the purpose of the Company upon such terms and conditions and with or without security as the Board of Directors may think fit. Our Company may borrow money up to Rs. 5,000 million as to amount and upon such terms and in such manner as they think fit and to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party.

Appointment of our Directors

The terms of appointment and compensation of our Directors are as follows:

Sr. No.	Name of the Directors	Date of Agreement/ Resolution	Details Remuneration (Per month)	Term
1.	Hemant M. Shah	Agreement dated November 15, 2003 and supplementary agreement dated May 22, 2006	Rs. 500,000/- (no other remuneration payable)	April 1, 2003 to March 31, 2008
2.	Vyomesh M. Shah	Agreement dated December 4, 2001 and supplementary agreement dated May 22, 2006	Rs. 500,000/- (no other remuneration payable)	January 1, 2002 to December 31, 2006
3.	Madhukar Chobe	June 2, 2006	Rs. 100,000/- (no other remuneration payable)	June 1, 2006 to May 31, 2011
4.	Shailesh Bathiya	Appointed as Additional Director by resolution of the Board of Directors dated May 12, 2006	No remuneration paid by the Company except sitting fees of Rs. 20,000/- per meeting of the Board / Committee attended.	Liable to retire by rotation
5.	Shailesh Haribhakti	Appointed as Additional Director by resolution of the Board of Directors dated May 12, 2006	No remuneration paid by the Company except sitting fees of Rs. 20,000/- per meeting of the Board /Committee attended.	Liable to retire by rotation
6.	P.H. Ravikumar	Appointed as Additional Director by resolution of the Board of Directors dated May 12, 2006	No remuneration paid by the Company except sitting fees of Rs. 20,000/- per meeting of the Board /Committee attended.	Liable to retire by rotation
7.	D.R.Kaarthikeyan	Appointed as Additional Director by resolution of the Board of Directors dated May 12, 2006	No remuneration paid by the Company except sitting fees of Rs. 20,000/- per meeting of the Board /Committee attended.	Liable to retire by rotation

Pursuant to the resolution passed at the meeting of the Board of Directors held on April 20, 2006, and confirmed in the Annual General Meeting held on May 8, 2006 remuneration payable by our Company to Mr. Hemant M. Shah and Mr. Vyomesh M. Shah (wholetime directors) is Rs. 500,000 per month each with effect from April 1, 2006 Pursuant to the resolution passed at the meeting of the Board of Directors held on May 30, 2006. Mr. Madhukar Chobe was appointed as a wholetime director of our Company and his gross remuneration was fixed at Rs. 100,000/- per month.

Mr. Hemant M. Shah has entered into an agreement dated November 15, 2003 with Akruti Nirman Limited which sets out the terms and conditions of his employment including his remuneration. By a supplementary agreement dated May 22, 2006 remuneration for Mr. Hemant M. Shah has been fixed at Rs. 500,000 per month.

Mr. Vyomesh M. Shah has entered into an agreement dated December 4, 2001 with Akruti Nirman Limited which sets out the terms and conditions of his employment including his remuneration. By a supplementary agreement dated May 22, 2006 remuneration for Mr. Vyomesh M. Shah has been fixed at Rs. 500,000 per month.

Our Directors have no interest in any property acquired by the Company within two years of the date of this Red Herring Prospectus.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the NSE and the BSE with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges upon listing.

In terms of the Clause 49 of the Listing Agreement, the Company has appointed three executive and four Independent Directors and constituted the following committees -

(a) Audit Committee;
(b) Shareholders'/ Investors' Grievance Committee; and
(c) Remuneration Committee.

Audit Committee

The Audit Committee was constituted by our Directors at their meeting held on April 7, 2006. Subsequently, the Audit Committee was reconstituted by our Directors at their meeting held on May 30, 2006,

The present members of the Audit Committee of our Board are:

1. Mr. Shailesh Haribhakti (Independent Director), Chairman
2. Mr. Vyomesh Shah (Managing Director); and
3. Mr. Shailesh Bathiya (Independent Director).

The Company Secretary of our Company acts as the secretary to the Audit Committee.

The terms of reference/scope of our Audit Committee include:

1. Overseeing 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.

2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.

3. Approval of payment to the statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

(a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act.

(b) Changes, if any, in accounting policies and practices and reasons for the same.

(c) Major accounting entries involving estimates based on the exercise of judgment by the management.

(d) Significant adjustments made in the financial statements arising out of audit findings.

(e) Compliance with listing and other legal requirements relating to financial statements.

(f) Disclosure of any related party transactions.

(g) Qualifications in the draft audit report.

5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

7. 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.

8. Discussion with internal auditors any significant findings and follow up there on.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Shareholders'/Investors' Grievance Committee

The Shareholders'/ Investors' Grievance Committee was constituted by our Directors at their meeting held on May 30, 2006.

The Shareholders' / Investors' grievance committee of our Board comprises:

1. Mr. Shailesh Bathiya (Independent Director) Chairman;
2. Mr.Hemant Shah (Executive Chairman of the Company); and
3. Mr. Vyomesh Shah (Managing Director).

The Chairman of our Shareholders'/Invesors Grievance Committee is Mr. Shaileash Bathiya. The Company Secretary of our Company will act as secretary to this Committee.

The shareholders'/investors' grievance committee will be responsible for the redressal of shareholders and investors' grievances such as non-receipt of share certificates, balance sheet dividend, and others.

This committee will oversee performance of the Registrars and Transfer Agents of the Company and recommend measures for overall improvement in the quality of investor services. This Committee will also monitor the implementation and compliance of our Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

This Committee will also deal with various matters such as consolidation/ splitting of folios, issue of share certificates for lost, subdivided, consolidated, rematerialised, defaced, review of shares dematerialized and all other related matters.

Remuneration Committee

The Remuneration Committee was constituted by our Directors at their meeting held on May 30, 2006.

The Remuneration Committee of our Board comprises of three Independent Directors:

1. Mr. P.H.Ravikumar;
2. Mr. Shailesh Haribhakti; and
3. Mr. D.R.Kaarthikeyan.

The Company Secretary of our Company acts as secretary to this Committee.

The terms of reference of the Remuneration Committee are:

(a) to review the overall compensation policy, service agreements and other employment conditions of Managing / Wholetime Directors; and

(b) to review the performance of the Managing / Wholetime Directors and recommending to the Board, the quantum of annual increments and annual commission.

Shareholding of Directors in our Company

Except as below, our Directors do not hold any Equity Shares in our Company as on December 31, 2006:

Name of Director	No. of Equity Shares held (pre-Issue)*	Percentage of Equity Share Capital (pre-Issue)
Mr. Vyomesh M. Shah	7,540,000	12.57%
Mr. Hemant M. Shah	5,800,000	9.66%
Mr. Vyomesh M. Shah HUF*	4,100,000	6.83%
Mr. Hemant M. Shah HUF*	6,892,000	11.49%

*As karta of the respective HUF

Interest of our Directors

All our Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. The Chairman, Managing Director and our whole-time Directors are interested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

All our Directors, including independent directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or that may be subscribed for and Allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors, including independent directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and Allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Some of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees. For further details refer to the section titled "Financial Statements" on page 165.

Changes in our Board of Directors

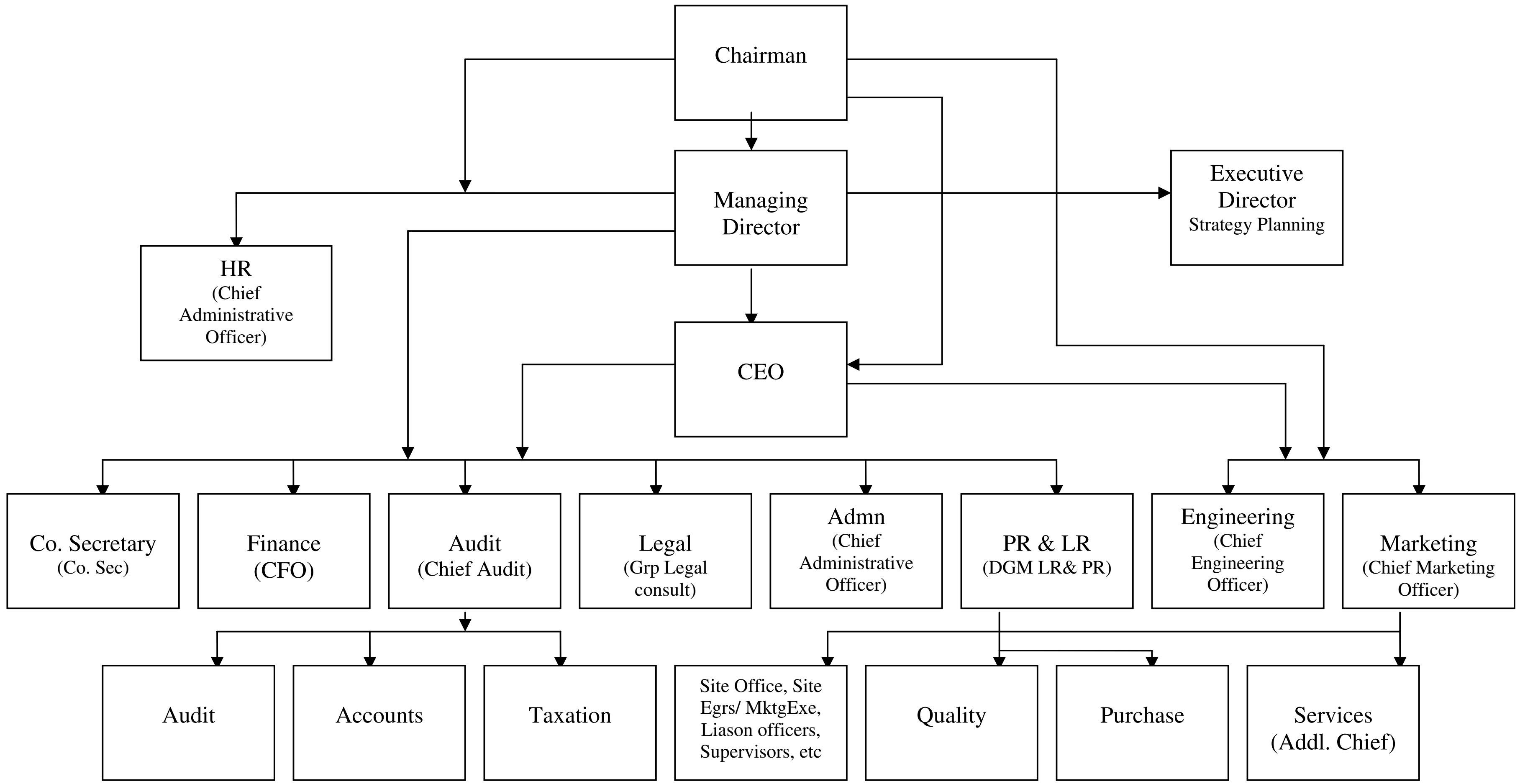
The changes in our Board of Directors during the last three years are as follows:

Name	Date of change	Reason
Mr. Madhukar Chobe	April 2, 2004	Appointed as Additional Director of the Company
Mr. Dilip Parekh	December 1, 2004	Resigned as Director of the Company of the Company
Mr. Amit Thacker	September 28, 2004	Appointed as Director of the Company
Mr. Surendra Sanas	September 28, 2004	Appointed as Director of the Company
Mr. Madhukar Chobe	September 28, 2004	Appointed as Director of the Company
Mr. Amit Thacker	February 1, 2005	Resigned as Director of the Company of the Company
Mr. Surendra Sanas	February 1, 2005	Resigned as Director of the Company of the Company
Mr. Dilip Parekh	April 7, 2006	Appointment as Additional director of the Company
Mr. Dilip Parekh	May 8, 2006	Ceased to be director of the Company by not seeking reappointment at the Annual General Meeting of the Company held on May 8, 2006.

Name	Date of change	Reason
Mr. Shailesh Bathiya	May 12, 2006	Appointed as Additional Director of the Company
Mr. Shailesh Haribhakti	May 12, 2006	Appointed as Additional Director of the Company
Mr. P.H. Ravikumar	May 12, 2006	Appointed as Additional Director of the Company
Mr. D.R.Kaarthikeyan	May 12, 2006	Appointed as Additional Director of the Company
Mr. Madhukar B. Chobe	May 30, 2006	Re-appointed Wholetime Director of the Company

Management Organisation Structure

Our management organisation structure is set forth below:



Key Managerial Personnel

Prior to November, 2005, the Company did not have any employees on its payroll. The activities of the Company during such period were carried out by hiring professional services, including the services of the applicable key managerial personnel mentioned below, from Citygold Management Services Private Limited ("**Citygold**"), a member of our Promoter Group. This arrangement was carried out on the basis of a quarterly invoice being raised by Citygold on the Company, and no formal contract was entered into between Citygold and the Company for this purpose. From November 1, 2005, the current employees of the Company as well as the key managerial personnel above have been brought on to the payroll of the Company. The Company currently continues to hire professional services from Citygold on a regular basis in order to discharge certain functions such as architecture, project management, etc. The compensation figures included herein represent the period November 1, 2005 to March 31, 2006 for the key managerial personnel who have been brought on to the pay-roll of the Company from Citygold. For further details please refer to the chapter titled "Our Business".

In addition to our whole-time Directors, the following are our key managerial employees. All of our key managerial personnel are permanent employees of the Company

Mr. A. Ramkrishnan (Chief Executive Officer): Mr. A. Ramkrishnan joined our Company in June 2006. Prior to this he was a member of The Indian Administrative Service in the Maharashtra Cadre. He was working as the Principal Secretary, Government of Maharashtra, before joining Akruti Nirman Limited as Chief Executive Officer. Mr.Ramkrishnan is an M.Sc (Physics) from I.I.T.Chennai, MBA from I.I.M., Ahmedabad and L.L.B. General from Mumbai University. He has held senior positions in the Government. He has worked as the Chief Executive Officer of MIDC, Vice President of MHADA, M.D. of Maharashtra Tourism Department and as District Collector. As he joined us in June 2006, no compensation was paid to him in the FY 2006. For FY 2007, the total gross remuneration payable to him is Rs. 3,600,000.

Mr. E.C. Paulose (Chief Civil Engineer): Mr. E. C. Paulose joined our Company in November, 2005. He holds a BSc (Engineering) degree from Kerala University and has over 40 years of experience in the field of construction. Mr. E. C. Paulose has worked for over eight years with Citygold before joining our Company. He has worked in various capacities with the Central Public Work Department (CPWD). He manages cost analysis and works-in-progress. He is head of engineering department. During FY 2006, he was paid gross remuneration of Rs. 216,840.

Mrs. Charuta Malshe, (Chief Administrative Officer): Mrs. Charuta Malshe joined our Company in November 2005. She holds a Master in Arts (MA) and Diploma in Computer Management (DCM) degrees from Mumbai University and has over 30 years of experience in the areas of human resources and administration. She has held senior positions in ICICI Limited and held positions as a lecturer in various educational institutions including Somaiya Engineering College. Mrs. Charuta Malshe has worked for five years with Citygold before joining our Company. She looks after human resources acquisition, management, training and development. She is a Management Representative for ISO 9001-2000 related quality management systems requirements. During FY 2006, she was paid gross remuneration of Rs. 164,217.

Mr. Mayur Shah, (Chief Marketing Officer): Mr. Mayur Shah joined our Company in November, 2005. He holds an MBA degree from Newport University and has over 10 years of experience in marketing. He has worked in various organizations such as Indian Petrochemical Corporation Limited and Aarti Organics Limited. Mr. Mayur Shah has worked for over seven years with Citygold before joining our Company. Mr. Mayur Shah looks after sales and marketing assisted by a team of sales executives. During FY 2006, he was paid gross remuneration of Rs. 231,400.

Mr. Rajendra Shah, (Chief Finance Officer): Mr. Rajendra Shah joined our Company in

November 2005. He holds a Chartered Accountant's degree from the Institute of Chartered Accountants of India and associate member of Institute of Cost & Works accountants of India. He has over 12 years of experience in financial management in the areas of cash flow management, treasury and project funding. He has worked in a number of organizations including Pal-Peugot Limited and Parikh, Shah, Desai and Associates. Mr. Rajendra Shah has worked for over seven years with Citygold before joining our Company. Mr. Rajendra Shah looks after the financial structure of the Company and liaises with banks, financial institutions and ultimate consumers. During FY 2006, he was paid gross remuneration of Rs. 228,800.

Mr. Kamal Matalia, (Chief Audit Officer): Mr. Kamal Matalia joined our Company in November 2005. He holds a B. Com degree from Ranchi University. He is a member of The Institute of Chartered Accountants of India and has over 17 years of experience in auditing and taxation. Prior to joining our Company, he was the proprietor of Kamal Matalia & Co. Mr. Kamal Matalia has worked for more than a year with Citygold before joining our Company. He 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. During FY 2006, he was paid gross remuneration of Rs. 217,133.

Mrs. Nancy Pereira, (Chief Accounts Officer): Mrs. Nancy Pereira joined our Company in November, 2005. She holds a B.Com degree from Mangalore University and has over 20 years of experience in finance and accounts. Mrs. Nancy Pereira has worked for over eleven years with Citygold before joining our Company. She predominantly looks after fund management. She is experienced in the construction industry. During FY 2006, she was paid gross remuneration of Rs. 159,500.

Mr. Chetan S. Mody (Chief, Secretarial Div): Mr. Chetan Mody joined our Company in May 2006. He is a fellow member of the Institute of Company Secretaries of India and holds a degree of LL.B (General). He has 20 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. As he joined us in May 2006, no compensation was paid to him in the FY 2006. For FY 2007, the total gross remuneration payable to him is Rs. 660,000.

Mr. Subhash Redekar (General Manager LR & PR): Mr. Subhash Redekar joined our Company in November, 2005. Mr. Subhash Redekar holds a diploma in Civil engineering from VJTI College, Mumbai and has 21 years of experience in site management. He is responsible for liaison with architects and SRA, MCGM and Revenue Department. Mr. Subhash Redekar has worked for more than a year with Citygold before joining our Company. During FY 2006, he was paid a gross remuneration of Rs. 183,667.

Shareholding of the Key Managerial Employees

None of our key managerial employees hold Equity Shares of our Company.

Bonus or Profit Sharing Plan for our Key Managerial Employees

There is no bonus or profit sharing plan for our key managerial employees.

Interest of Key Managerial Employees

None of our key managerial employees have any interest in the Company except to the extent of remuneration and reimbursement of expenses.

The following of our key managerial employees are directors of certain Promoter Group companies:

Name	Directorship
Charuta Malshe	Vishal Teknik (Civil) Private Limited
	Ichha Construction Private Limited
	Roopkala Pictures Private Limited
E. C. Paulose	Citygold Management Services Private Limited
Kamal Matalia	Arnav Properties Private Limited
	Brainpoint Infotech Private Limited
	Sheshan Housing & Area Development Engineering Private Limited
	Vishal Nirman (India) Private Limited
	Rushank Constructions Private Limited
	Akruti Niharika Buildings Limited
	Akruti Agricultural and Educational Research Private Limited
Mayur Shah	Akulpita Construction Private Limited
	E - Commerce Solutions (I) Private Limited
	T.D.R. Properties Private Limited
	Akruti Niharika Buildings Limited
	Infrastructure Venture India Limited
Nancy Pereira	Adhivitiya Properties Limited
	Akruti Centre Point Infotech Private Limited
	Sheshan Housing & Area Development Engineering. Private Limited
	Citygold Management Services Private Limited
	Akruti Farming and Educational Research Private Limited
Rajendra Shah	Arnav Properties Private Limited
	Brainpoint Infotech Private Limited
	Vishal Nirman (India) Private Limited
	Akruti Niharika Buildings Limited
	Rushank Constructions Private Limited
	Akruti Farming and Educational Services Private Limited

Changes in our Key Managerial Employees

The changes in our key managerial employees during the last three years are as follows:

Name	Designation	Date of change	Reason
A. Ramkrishnan	Chief Executive Officer	June 1, 2006	Appointment
Chetan Mody	Company Secretary	May 23, 2006	Appointment
E.C.Paulose	Chief Civil Engineer	November 1, 2005	Appointment
Mayur Shah	Chief Marketing Officer	November 1, 2005	Appointment
Rajendra Shah	Chief Finance Officer	November 1, 2005	Appointment
Kamal Matalia	Chief Audit Officer	November 1, 2005	Appointment

Name	Designation	Date of change	Reason
Nancy Pereira	Chief Accounts Officer	November 1, 2005	Appointment
Charuta Malshe	Chief Administrative Officer	November 1, 2005	Appointment

Employees Share Purchase Scheme/Employee Stock Option Scheme

We do not have any employees share purchase scheme or employees stock option scheme.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.

HISTORY AND CERTAIN CORPORATE MATTERS

History of the Akruti group

The Akruti group was founded by our promoters, Mr. Hemant M. Shah and Mr. Vyomesh M. Shah. The Company has a history of over 17 years, commencing with the incorporation of Akruti Nirman Private Limited on February 16, 1989 and which was subsequently converted into a public limited company on April 11, 2002 and the name was changed to Akruti Nirman Limited. The Company by way of a resolution of its Board of Directors dated October 3, 2006 has resolved to change the name of the Company from Akruti Nirman Limited to Akruti City Limited subject to the approval of the ROC.

At the time of incorporation, the registered office address of our Company was at unit No. 6, 2nd floor, Tardeo Airconditioned Market Building, Tardeo, Mumbai – 400034. With effect from December 26, 1994 it was changed to Maratha Mandir Annex, 1st Floor, Maratha Mandir Road, Opposite Bombay Central Station, Mumbai – 400008. Thereafter, with effect from April 1, 1996, it was changed to 2nd & 4th Floor, Mukhadhyapak Bhavan, Plot no. 6B, Road no. 21, Sion (W), Mumbai – 400022. With effect from August 1, 2003, the registered office of the Company was changed to the Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400093, Maharashtra, which is the present registered office of the Company.

The Akruti group, founded by Mr. Hemant M. Shah and Mr. Vyomesh M. Shah has a history over 17 (seventeen) years. The Promoters started their activities on March 22, 1977 under the name and style of Vishal Constructions, a partnership firm. The Promoters and Mrs. Lata M. Shah were the partners of Vishal Constructions. Mr. Hemant M. Shah, Mrs. Lata M. Shah and Vyomesh M. Shah HUF were partners of the said firm sharing profit or loss in the ratio of 50%, 30% 20% respectively. Operations were started by undertaking civil engineering and developmental jobs for government and defence services. Vishal Constructions was dissolved on December 27, 2001.

Over the years, the Company has decided to leverage its experience and expertise for making forays into the execution of real estate projects independently.

The Company has been involved as a construction company in a span of over 17 years. The Company's business activities span across residential, commercial and retail sectors, supported by a strong management and operational team with vast professional, educational and business experience.

Key events and milestones relating to the Akruti group

Year	Event
1995	One of the few Private limited companies to join the SRA scheme with the Government of Maharashtra. First Private limited company to receive Transferable Development Right Certificate (TDR) bearing certificate No. SRA/001 under the SRA scheme.
1998	Started construction of one of the first few private software parks, Akruti Softech Park, at MIDC at Andheri (East).
1999	Award for valuable contribution to Slum Rehabilitation Project presented by Accomodation Times.
2001	November 15, 2001, received ISO 9001:2000 rating from International Quality Systems in relation to Design, Construction and Maintenance of the buildings- Residential and Commercial.
2002	1. Completed construction of Akruti Arcade, a Commercial Project at Andheri (West), Mumbai. 2. Received DA2 certification from CRISIL, on March 8, 2002.
2003	The Company completed the construction of two landmark projects, Akruti Trade Centre and Akruti Business

Year	Event
	Port. The Company was presented the Mother India award for excellence in IT Infrastructure Development by Outsourcing 2India.
2004	The Company was presented an award for active participation and valuable contribution to construction industry, presented by the Practicing Engineering, Architecture and Town Planning Association of India.
2005	On November 25, 2005, the Company received reaffirmed **"DA2"** rating from the Credit Rating Information Services of India, indicating a **very good** track record of the developer to specify and build to agreed quality levels and transfer clear title within stipulated time schedules.
2006	The above mentioned DA2 rating was reaffirmed by the Credit Rating Information Services of India on November 27, 2006 One of the few Private players to deliver free houses to Slum Dwellers, currently totaling over 9,400.

Main Objects

The main objects of our Company that enables us to carry on our present business and as contained in the Memorandum of Association, are as follows:

i. To engage, undertake and execute any contracts for works, construction or projects involving civil, mechanical and electrical engineering.

ii. To undertake and execute contracts for designing and constructing bridges, ecqueducts, tunnels, industrial sheds, cooling towers, foundations, canals, weirs, dams, mass excavations, public utility structures, buildings.

iii. To carry on business of Builders, Contractors, Dealers in and manufacture of pre-fabricated and pre-cast houses, buildings or erection and material, tools, implements, machines and metalware in connection therewith or incidental thereto fabrication or erection of steel or tubular structures.

iv. 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, licences, 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.

v. 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 these 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.

Amendments to the Memorandum of Association

Since the incorporation of our Company, the following changes have been made to the Memorandum of Association:

Date of Amendment	Amendment
June 24, 1993	The authorized share capital of the Company was increased from Rs. 0.1 million to Rs. 1 million.
July 25, 1994	The authorized share capital of the Company was increased from Rs. 1 million to Rs. 2.5 million.
January 21, 1997	The authorized share capital of the Company was increased from Rs. 2.5 million to Rs. 5 million.
October 8, 1998	The authorized share capital of the Company was increased from Rs. 5 million to Rs. 20 million.
February 13, 2002	The authorised share capital of the Company was sub – divided into the face value of Rs. 10 each from Rs. 100 each. The existing Clause I of the Memorandum of Association of the Company relating to name of the Company was altered by deleting the word "Private" before the word "Limited"
March 14, 2003	Amendment of the object clause by insertion of new sub clause 45A in clause III B to commence new business and activities as mentioned in the special resolution.
May 7, 2004	The authorized share capital of the Company was increased from Rs. 20 million to Rs. 50 million.
April 13, 2005	The authorized share capital of the Company was increased from Rs. 50 million to Rs. 200 million.
January 27, 2006	The authorized share capital of the Company was increased from Rs. 200 million to Rs. 1,250 million.
February 21, 2006	Alteration of the main object clause III A of Memorandum of Association of the Company by inserting clause 5 which states: To build, construct, commercialize, 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 these 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

Date of Amendment	Amendment
	such other related activities in India or any other part of the world.

INCORPORATED JOINT VENTURES OF OUR COMPANY

The equity shares of our joint venture companies are not listed on any stock exchange. The joint venture companies have not made any rights or public issue in the preceding three years. None of the joint venture companies are sick companies and are not under winding up proceedings.

DLF Akruti Info Parks (Pune) Limited

DLF Akruti Info Parks (Pune) Limited was incorporated on October 01, 2004 as 'Akruti Info Parks Limited' and changed its name to 'DLF Akruti Info Parks (Pune) Limited' with effect from February 28, 2005. DLF Akruti Info Parks (Pune) Limited has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai 400093 and is engaged in the business of development of I.T. parks and business parks.

Shareholding Pattern as on, December 31, 2006

Sr. No.	Shareholder's name	No. of shares	%
1)	DLF Limited (formerly known as DLF Universal Limited) jointly with others	101,840	67.00
2)	Akruti Nirman Ltd jointly with Hemant M. Shah	24,975	16.43
3)	Akruti Nirman Ltd jointly with Vyomesh M. Shah	24,975	16.43
4)	Akruti Nirman Limited	160	0.10
5)	Akruti Nirman Ltd jointly with others	50	0.03
6)	Promoter group of our Company	10	0.01
	Total	152,010	100.00

Directors as on December 31, 2006

The board of directors of DLF Akruti Info Parks (Pune) Limited comprises

1. Mr. Vyomesh Shah (Chairman)
2. Mr. Hemant M. Shah
3. Mr. Bhupesh Gupta and
4. Mr. T.C. Goyal

*Financial performance**

The audited financial results of the company for the last two financial years are as follows:

(Rs. million except per share data)

	Year ended	
	March 31, 2005	March 31, 2006
Equity capital (par value Rs.10 per share)	1.17	1.52
Reserves & Surplus	0.18	(0.09)
Sales and other income	NIL	0.32
Profit/Loss after tax	(0.18)	0.09
Earnings per share (Rs.)	(1.50)	0.60
Book value per equity share (Rs.)	7.12	9.44

***Since the company was incorporated on February 28, 2005 it has no results to report as of March 31, 2004.**

Mangal Shrusti Gruh Nirmiti Limited

Mangal Shrusti Gruh Nirmiti Limited ("**MSL**") was incorporated on September 19, 1995 and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (E), Mumbai – 400 093.

MSL is a joint venture between our Company, Chinsha Property Private Limited ("**Chinsha**") and DLF Limited (formerly known as DLF Universal Limited) ("**DLF**") and is engaged in the redevelopment of Tulsiwadi at Tardeo Keshavrao Khadye Marg, Mumbai (referred to elsewhere in this Red Herring Prospectus as Emperor Towers) ("**Tardeo Project**"). The joint venture is governed in accordance with a Shareholders' Agreement dated April 15, 2004, between our Company, Chinsha and DLF (the "**MSL SHA**") and a Memorandum of Understanding dated April 15, 2004 between our Company, Chinsha and DLF.

The MSL SHA, incorporates various rights and obligations of the parties with respect to the project including profit sharing, composition of the board of directors, powers of the board, restriction of transfer of shares and dispute resolution. The MSL SHA provides that no decision shall be taken by the board of directors or shareholders of MSL or resolution passed by the board of directors or shareholders of MSL unless such decisions or resolutions have received the affirmative vote of at least one representative each, of our Company, Chinsha and DLF. There is also a restriction on our Company to change its shareholding in MSL until completion of the Tardeo Project and neither our Company nor our promoters are permitted to directly or indirectly exit from MSL until completion of the Tardeo Project. However, we are permitted to transfer our shareholding in MSL to our subsidiaries or affiliates. Subject to certain terms and conditions in the MSH SHA, in the event any party to the MSL SHA wishes to exit from MSL, then the shareholding of that party in MSL is required to be offered to the other parties in proportion to their shareholding in MSL at a value determined by two independent firms of chartered accountants in accordance with the terms of the MSL SHA. However, no partial sale of shareholding is permitted by any of the parties to the MSL SHA.

Shareholding Pattern as on December 31, 2006

Shareholder	No. of shares	%
DLF Limited (formerly known as DLF Universal Limited)	37,500	37.50
Chinsha Property Pvt Ltd	37,500	37.50
Akruti Nirman Ltd	11,900	11.90
Akruti Nirman Limited jointly with directors or key managerial personnel	13,100	13.10
	100,000	**100.00**

Board of Directors

The Board of Directors of MSL currently comprises

- Jimmy Jehangir Parekh (Chairman)
- Firoze K Bhathena
- Bhupesh I.Gupta
- Trilokchand G.Goyal
- Vyomesh Mahipatray Shah
- Hemant Mahipatray Shah

Financial performance

The audited financial results of this company for the last three financial years are as follows:

(In Rs.million except per share data)

	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006
Equity capital (par value Rs. 100 per share)	0.10	10.00	10.00
Reserves & Surplus	(0.27)	(0.32)	(0.45)
Sales and other income	NIL	NIL	0.07
Profit/Loss after tax	(0.01)	(0.05)	(0.05)
Earnings per share (Rs.)	(12.79)	(0.53)	(0.47)
Book value per equity share (Rs.)	(174.75)	95.11	94.02

Infrastructure Ventures India Limited

Infrastructure Ventures India Limited ("**IVIL**") was incorporated on June 5, 2000 and has its registered office at CTS No. 194 B, Nirankari Baba Ground, Opp. Great Height, Ghatkopar-Mankhurd Link road, Chedda Nagar, Chembur – 400 071.

IVIL is a joint venture between Harish Patel, Mayur Shah, Mukesh Patel, Nainesh Shah and Akruti Nirman Limited and is engaged in the development of State Government land at Ghatkopar (CTS No. 194B) (referred to elsewhere in this Red Herring Prospectus as Akruti City). IVIL is governed in accordance with a Shareholders' Agreement dated September 29, 2000 (**"IVIL SHA"**), between Harish Patel, Mayur Shah, Mukesh Patel, Nainesh Shah, Mr. Hemant M. Shah and Vyomesh M. Shah. Subsequently Mr. Hemant V. Shah transferred his shares in IVIL to our Company on May 22, 2006.

The IVIL SHA incorporates various rights and obligations of the parties with respect to the project including profit sharing, composition of the board of directors, powers of the board, restriction of transfer of shares and dispute resolution. There is also a restriction on our Company to change its shareholding in IVIL In the event any party to the IVIL SHA wishes to exit from IVIL, then the shareholding of that party in IVIL is required to be offered to the other parties at the price per share paid at the time of the last round of funding of IVIL or the price as may be determined by Chartered Accountant of the Company. The parties to the IVIL SHA, so long as they hold shares in IVIL, compete with IVIL anywhere in the world, directly or indirectly through their affiliates, subsidiaries or any other company. However, this would not restrict the parties from investing in companies on a passive basis, listed in India or abroad to the extent of 25% of the paid up capital of such company.

Shareholding Pattern as on December 31, 2006

Shareholder	No. of shares	%
Akruti Nirman Limited	1,666,520	33.33
Neelkanth Mansion Pvt Ltd	808,480	16.17
Rajesh Estates & Nirman Ltd	808,480	16.17
Mayur Shah	520,990	10.42
Chetan Shah	312,500	6.25
Kishor Shah	170,000	3.40
Kishor Shah HUF	170,000	3.40
Saryu Shah	170,000	3.40
Vyomesh M. Shah	170,000	3.40
Nainesh Shah	153,010	3.06
Harish Patel	25,010	0.50
Mukesh Patel	12,510	0.25
Niraj Patel	12,500	0.25
Total	**5,000,000**	**100.00**

Board of Directors

The board of directors of IVIL currently comprises

1. Hemant M. Shah (Chairman)
2. Vyomesh M. Shah
3. Harish R. Shah
4. Mukesh M. Shah
5. Nainesh K. Shah
6. Mayur R. Shah.

Financial performance

The audited financial results of this company for the last three financial years are as follows:

(In Rs. million except per share data)

	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006
Equity capital (par value Rs. 10 per share)	1.50	1.50	50.00
Reserves & Surplus	(7.29)	(10.04)	(9.58)
Sales and other income	0.09	0.14	22.46
Profit/Loss after tax	(2.00)	(2.75)	(2.96)
Earnings per share (Rs.)	(13.34)	(18.33)	(13.65)
Book value per equity share (Rs.)	(40.46)	(58.47)	8.05

UNINCORPORATED JOINT VENTURES

Niharika Shopping Mall Joint Venture

1. The Niharika Shopping Mall Joint Venture ("**NSMJV**") is an unincorporated joint venture between our Company and DLF Limited (formerly known as DLF Universal Limited) ("**DLF**") formed for the purposes of the development, construction and sale of a shopping mall and commercial complex in Andheri (East) at Saiwadi with a sale area of 940,349 square feet, (referred to elsewhere in this Red Herring Prospectus as Akruti One World Mall (Saiwadi)) ("**Saiwadi Project**"). The NSMJV is governed by the terms of a joint venture agreement between DLF and our Company dated April 12, 2005 ("**NSM JVA**").

2. Akruti's prime role, though not limited shall be to handle all aspects of the project enabling the generation of free sale component in the Saiwadi Project and the cost of the same shall be borne NSMJV. The prime role of DLF, though not limited to, shall be to arrange finances for the project and the cost of such financing shall be borne by NSMJV. Both parties have brought in initial capital of Rs. 370 million.

3. As per the terms of the NSM JVA, the Saiwadi Project shall be managed through a project management committee ("**NSM PMC**") constituted by both the parties and all decisions relating to the management, development, construction and sale shall be made by the NSM PMC and both parties have agreed to be bound by such decisions of the NSM PMC. The NSM PMC shall comprise of two representatives nominated by each of the parties. The presence of two members, one from each party out of the four representatives is required to constitute a valid quorum for all the meetings.

4. Both DLF and our Company shall jointly develop and sell the Saiwadi Project and on execution of the agreement, the possession on which the Saiwadi Project shall be developed shall be treated as a joint possession held by DLF and the Company and neither party is entitled to claim partition in possession. The profit sharing ratio shall be 50:50 between DLF and our Company.

5. The parties have agreed that the NSMJV has the powers to take loans, borrow monies from any government agencies, banks or financial institutions for the Saiwadi Project against security of the property in the name of the NSMJV, and on the strength of the documents of title relating thereto, create mortgages over the said property and to execute all necessary documents and do all necessary acts in that behalf. Further, it is provided that both joint venture partners will issue corporate guarantees, if required, to take loans, borrow monies from any government agencies, banks or financial institutions for the Saiwadi Project.

6. Our Company is not permitted to exit, directly or indirectly, from the NSMJV till the completion of construction and sale of the Saiwadi Project. Subject to approval of NSM PMC other party may transfer shares to an associate company or subsidiary. If DLF desires to exit with the prior approval of the Company in writing, then the valuation of the share of DLF in NSMJV shall be done by two independent firms of chartered accountants, each appointed by DLF and our Company based on the procedure set out in the NSM JVA. Such valuation shall not be below the actual investment brought in by DLF.

7. Our Company shall handle at its own cost all disputes, claims and litigation relating to the settlement of rehabilitation component while those relating to the free sale area shall be borne by NSJMJV. Our company shall be liable and responsible for any undisclosed liabilities or debts prior to the date of this agreement and keeps DLF indemnified in respect of such liabilities and/or debts. Our Company and DLF shall indemnify each other for losses suffered on account of misleading representations.

8. Disputes between the parties have been agreed to be referred for mediation within 15 days of the said dispute arising by reference to one Mr. Rajiv Singh. In the event of the mediator failing to reach any resolution to such dispute, the mediator shall appoint a second mediator. In the event of such mediation failing such disputes, differences and/or claims shall be referred to arbitration in terms of the Arbitration and Conciliation Act, 1996 at Mumbai. The NSM JVA is subject to the exclusive jurisdiction of Courts in Mumbai.

9. Unless otherwise agreed upon and subject to vis majeure conditions and/or litigations and/or change in the government policies the Saiwadi project shall be completed within a

period of 3 years from the date of this agreement. Unless otherwise decided in writing, upon completion of the project, NSMJV shall come to an automatic end.

The Mount Mary Joint Venture

(a) The Mount Mary Joint Venture ("**MMJV**") is a unincorporated joint venture formed between our Company and DLF for the development, construction and sale of a residential complex in Bandra, Mumbai (referred to elsewhere in this Red Herring Prospectus as Akruti Solitaire) ("**Mount Mary Project**"). The MMJV is governed by the terms of a joint venture agreement dated April 12, 2005 between our Company and DLF ("**MMJVA**") and a supplemental deed to the JV agreement dated September 20, 2005.

(b) Our Company' prime role though not limited to, shall be to handle all aspects of the project enabling the generation of free sale residential area in the project land the cost for the same shall be borne by MMJV. The project was being executed by M/s Thakur Constructions and our Company had taken over the project from M/s Thakur Construction vide an agreement of assignment dated December 31, 1998. In terms of this agreement, our Company is committed to transfer 25% of the constructed saleable area to M/s Thakur Constructions.

(c) As per the terms of the MMJVA, the Mount Mary Project shall be managed through a project management committee ("**MM PMC**") constituted by both the parties and all decisions relating to the management, development, construction and sale shall be made by the MM PMC and both parties have agreed to be bound by such decisions of the MM PMC. The MM PMC shall comprise of two representatives nominated by each of the parties. The presence of two members, one from each party out of the four representatives is required to constitute a valid quorum for all the meetings.

(d) Both DLF and our Company shall jointly develop the Mount Mary project and on execution of the agreement, the possession on which the project shall be developed shall be treated as a joint possession held by DLF and the Company.

(e) Our Company is not permitted to exit, directly or indirectly, from MMJV till the completion of construction and sale of the Mount Mary Project. If DLF desires to exit with the prior approval of the Company in writing, then the valuation of the shares of DLF in MMJV shall be done by two independent firms of chartered accountants, each appointed by DLF and the Company based on the procedure set out in the MMJVA. Such valuation shall not be below the actual investment brought in by DLF.

(f) Disputes between the parties have been agreed to be referred for mediation within 15 days of the aid dispute arising by reference to one Mr. Rajiv Singh. In the event of the mediator failing to reach any resolution to such dispute, the mediator shall appoint a second mediator. In the event of such mediation failing such disputes, differences and/or claims shall be referred to arbitration in terms of the Arbitration and Conciliation Act, 1996 at Mumbai. The MMJV is subject to the exclusive jurisdiction of Courts in Mumbai.

(g) Unless otherwise agreed upon and subject to vis majeure conditions and/or litigations and/or change in government policies, the Mount Mary project shall be completed within a period of 3 years from the date of this agreement. Unless otherwise detailed in writing, upon completion of the project MMJV shall come to an automatic end. Our Company shall handle at its own cost all disputes, claims and litigation relating to the settlement of the rehabilitation component. Our Company shall be liable and responsible for any undisclosed liabilities or debts prior to the date of this agreement and keeps DLF indemnified in respect of such liabilities and/or debts. Our Company and DLF shall indemnify each other for losses suffered on account of misleading representations.

The Hiranandani – Akruti Joint Venture

1. The Hiranandani – Akruti Joint Venture ("**HAJV**") is an unincorporated joint venture formed between our Company, Mr. Niranjan Hiranandani and Mr. Surrendra Hiranandani (collectively, "**Hiranandanis**") for the purpose of constructing PAP Tenements in Tata Nagar ("**Tata Nagar Project**"). The HAJV is governed by the terms of a Consortium agreement dated August 14, 2003 between our Company and the Hirandanis.

2. The Company shall act as lead partner of the HAJV and shall liaison with MMRDA in respect of the project. Our Company and the Hiranandanis shall have the right to nominate 2 persons each on the board of the HAJV. No decision shall be taken by the board of the HAJV unless by an affirmative vote of majority of members are present for that meeting.

3. None of the parties shall sell or transfer its respective share in the HAJV to anyone except to their immediate family or companies in which partners are holding more than 51% of the voting rights. No party shall be entitled to pledge, hypothecate, create a charge or encumbrance or otherwise create any security, interest, lien, either directly or indirectly in any manner, on all or any of its capital contribution to the HAJV except with the prior consent in writing of the board of the HAJV.

4. Disputes between the parties shall be referred to a sole arbitrator or in case of a disagreement as to the appointment of a sole arbitrator, then the arbitrator shall be appointed and the arbitrations shall be conducted in accordance with the Arbitration and Conciliation Act, 1996.

5. The agreement shall stand automatically terminated on (a) failure of the consortium to get any project awarded within 12 months of its date or (b) upon successful conclusion and exclusion of all contacts between the consortium and the client

The Akruti – TCG Consortium

1. The Company has entered into a memorandum of understanding dated May 29, 2006 with TCG Urban Infrastructure Holdings Limited ("TCGUIH"), in terms of which the Company and TCGUIH shall form a consortium ("Akruti – TCG Consortium") for the purpose of partnering with the Gujarat State Biotechnology Mission ("GSBTM") for the development of a biotechnology park situated in Vadodara, Gujarat.

2. In terms of this memorandum of understanding, TCGUIH and our Company have agreed that the shareholding of TCGUIH and our Company in the proposed joint venture company shall be in the proportion of 23:77 respectively excluding any stake taken up by the Government of Gujarat. As per the terms of the request for proposal for the above project, the Government of Gujarat has the right to acquire a stake of up to 11% in the proposed joint venture company. The parties are currently in discussion to formalise the understanding through a fresh memorandum of understanding proposed to be signed shortly whereby the revised shareholding of our Company, TCGUIH and the Government of Gujarat will be in the proportion of 66:23:11 respectively.

3. Our Company shall act as the leader of the Akruti – TCG Consortium during the execution of the project. Our Company's role in the Akruti – TCG Consortium shall include submission of the tender for the award of the project, representation of the Akruti – TCG Consortium during the bidding process, overall project coordination with the Government of Gujarat and GSBTM for the formation of the joint venture company, concept design and planning, architecture design, infrastructure development and project execution and management. The role of TCGUIH in the Akruti – TCG Consortium shall include

marketing of the project and strategic planning. Our Company and TCGUIH shall be jointly responsible for negotiations with the Government of Gujarat and other vendors and invest in the project and arrange funds.

4. In terms of the memorandum of understanding, our Company and TCGUIH are required to enter into a detailed consortium agreement incorporating all the terms and conditions agreed between them for implementation of the project. Further, our Company, TCGUIH, GSBTM and the joint venture company shall enter into a shareholders' agreement to record their agreement as to the manner in which the affairs of the joint venture company shall be conducted.

5. Our Company and TCGUIH have no right to assign or transfer any of their respective rights and obligations to a third party without the prior written consent of the other party.

6. Disputes, if any, arising out of the memorandum of understanding are subject to the exclusive jurisdiction of the courts in Mumbai.

JOINT VENTURE OF OUR SUBSIDIARIES

The Akruti – SMC Joint Venture

- The Akruti -SMC Joint Venture ("**ASMCJV**") is an unincorporated joint venture between Arnav Properties Private Limited ("**Arnav**"), a subsidiary of our Company and SMC Infrastructures Private Limited ("**SMC**") formed for the purpose of developing and constructing a commercial complex building on certain land owned by the Maharashtra State Road Transport Corporation ("**MSRTC**") located in Thane, Mumbai (referred to elsewhere in this Red Herring Prospectus as Akruti One World Mall (S-Mall)) ("**S Mall Project**"). The ASMCJV is governed by the terms of a Joint Venture Agreement dated April 30, 2006 between SMC and our Company ("**ASMC JVA**").

- The parties have agreed that Arnav will obtain all permissions, sanctions, approvals, etc. from governmental authorities on the ASMCJV's behalf but all costs, charges, etc. in this regard will be paid from the accounts of the ASMCJV.

- Disputes arising out of the ASMC JVA are to be referred to an arbitrator to be appointed under the Arbitration and Conciliation Act, 1996, with the venue of arbitration to be at Mumbai. The arbitrator can pass any interim award or relief in this matter. In case of delay or default by any of the parties, the non-defaulting party is entitled to seek specific performance and claim costs, charges, etc. in that behalf.

PARTNERSHIPS OF OUR COMPANY

Akruti Steelfab Corporation

The deed of partnership of Akruti Steelfab Corporation ("**Akruti Steelfab**") was made on September 3, 1996. The business of Akruti Steelfab is that of Builders & Developers, and particularly that of developing the property (land admeasuring approximately 55,456 square feet) located at Marol Maroshi Road, Andheri (E), called Cancer Hospital Project and property situated at Village Mogra, Taluka Andheri, called Shivshakti.

Profit and Loss Sharing Ratio as on December 31, 2006

Name of Partners	Profit & Loss Sharing Ratio
Akruti Nirman Limited	55.00
Steelfab Turnkey Project Limited	45.00

Total	100.00

The present partners of this firm are our Company and Steelfab Turnkey Project Limited.

Financial performance

The audited financial results of this firm for the last three financial years are as follows:

(In Rs. million)

Particulars	Year Ended March 31		
	2004	2005	2006
Capital	26.76	5.87	5.44
Sales and other Income	107.45	21.77	0.01
Profit	15.98	0.96	0.01

Akruti Kailash Constructions

The Deed of Partnership of Akruti Kailash Constructions ("**Akruti Kailash**") was made on February 20, 1997. The business of Akruti Kailash is that of development of the property situated at C.T.S. No 330(pt) Village-Mogra, Jogshwari (East), Mumbai (referred to elsewhere in this Red Herring Prospectus as Akruti One World Mall (Shankarwadi)).

Partners and their Profit sharing ratio on December 31,2006

Name of Shareholders	Profit and Loss Sharing Ratio
Akruti Nirman Limited	50.00
Chirag A. Shah	12.50
Niranjan P. Shah	12.50
Deepak S. Shah	8.75
Shanalal T. Shah HUF	8.75
Ketan D. Shah	7.50
Total	**100.00**

The present partners of this firm are:

1. Our Company
2. Chirag A. Shah
3. Deepak S. Shah
4. Ketan D. Shah
5. Niranjan P. Shah
6. Shanalal T. Shah HUF

Financial performance

The audited financial results of this firm for the last three financial years are as follows:

(In Rs. million)

Particulars	Year Ended March 31		
	2004	2005	2006
Capital	0.10	0.10	0.10
Sales and other Income	NIL	NIL	NIL
Profit	(0.09)	NIL	NIL

Pristine Developers

The Deed of Partnership of Pristine Developers was made on June 21, 2006. The business of Pristine Developers is that of development of the property situated at Village Kanjur, Taluka Kurla, District Mumbai known as Pristine Developers (referred to as Akruti One World Mall (K-Mall)) elsewhere in this Red Herring Prospectus). The Company held 40% of the shareholding of Pristine Developers Private Limited which was thereafter sold on June 21, 2006 to the other partners of the Company in the above partnership firm. The business carried out by Pristine Developers Private Limited was transferred to the above partnership firm. This reorganization was carried out for taxation reasons.

Profit Sharing ratio as on December 31, 2006:

Name of Partners	Profit & Loss Sharing Ratio
Akruti Nirman Limited	40.00
Topmost Construction Private Limited	10.00
Pristine Developers Private Limited	25.00
Mr. Paresh M. Parekh	25.00
Total	**100.00**

The present partners of this firm are:

i. Our Company
ii. Topmost Construction Private Limited
iii. Pristine Developers Private Limited
iv. Mr. Paresh M. Parekh

Financial performance

Since the firm was formed on June 21, 2006 it has no results to report.

Aarti Projects and Constructions

The deed of partnership of Aarti Projects and Constructions ("**Aarti Projects**") was made on March 22, 2004. The business of Aarti Projects is that of development of the property situate at property bearing C.S.No.47(part) 46 13/47(part) of Lower Parel Division, Keshavrao Khade Marg, Mumbai – 400 003 (referred to as Akruti Turf View elsewhere in this Red Herring Prospectus).

Profit and Loss Sharing Ratio as on December 31, 2006

Name of Partners	Profit & Loss Sharing Ratio
Akruti Nirman Limited	33.00
Madhav Patankar	25.00
Surendra Sanas	17.00
Daksha P.Patel	16.00
Dilip Shingarpure	9.00
Total	**100.00**

The present partners of this firm are

1. Our Company
2. Dilip Shingapure
3. Daksha P. Patel
4. Surendra Sanas
5. Madhav Patankar

Financial performance

The audited financial results of this firm for the last three financial years are as follows:

(In Rs. million)

Particulars	Year Ended March 31st		
	2004	2005	2006
Capital	0.08	0.30	0.31
Sales and other Income	0.08	0.22	6.91
Profit	0.08	0.22	0.13

PARTNERSHIPS OF OUR SUBSIDIARIES

Suraksha Realtors

The deed of partnership of Suraksha Realtors was made on March 14, 2004. Suraksha Realtors carries on the business of builders and contractors, particularly that of development of the property situate at property bearing C.S.No.693 of village Mohili at Kurla (referred to as Akruti Orchid Park (Wing C to I) elsewhere in this Red Herring Prospectus).

Profit and Loss Sharing Ratio as on December 31, 2006

Name of Partners	Profit & Loss Sharing Ratio
Karad Chemicals and Allied Products Private Limited	37.50
Mr. Vijay Parekh	37.50
T.D.R. Properties Private Ltd.	11.00
Mr. Hemant M.Shah	7.00
Mr. Vyomesh M.Shah	7.00
Total	**100.00**

The present partners of this firm are

1. Karad Chemicals & Allied Products
2. Mr. Vijay Parekh
3. T.D.R. Properties Private Limited
4. Mr. Hemant M.Shah
5. Mr. Vyomesh M. Shah

Financial performance

The audited financial results of this firm for the last three financial years are as follows:

(In Rs. million)

Particulars	Year Ended March 31		
	2004*	2005	2006
Capital	0.92	28.75	67.91
Sales and other Income	NIL	NIL	180.48
Profit / (Loss)	(0.005)	NIL	43.97

*None of our subsidiaries or promoters was a partner in Suraksha Realtors for the period 2003-04.

Details of our subsidiaries

Our Company has 12 subsidiaries existing and incorporated under the Companies Act.

1) Adhivitiya Properties Limited

Adhivitiya Properties Limited is a public limited company incorporated on July 19, 1995. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of real estate.

Shareholding Pattern as on December 31, 2006

Name of Shareholders	No. of Shares at the face value Rs. 100 each	Percentage Shareholding %
Akruti Nirman Limited	2,650	53.00
Hemant M.Shah jointly with Kunjal H. Shah	325	6.50
Vyomesh M.Shah jointly with Falguni V. Shah	325	6.50
Promoter group individuals	1,700	34.00
Total	**5,000**	**100.00**

Directors as on December 31, 2006

The board of directors of Adhivitiya Properties Limited comprises:

1) Mr. Vyomesh M. Shah (Chairman)
2) Mr. Hemant M. Shah
3) Mr. Madhukar Chobe
4) Ms. Nancy Pereira
5) Mr. Digant Parekh

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs.million except per share data)

Particulars	Year Ended March 31st		
	2004	2005	2006
Paid up Equity Share Capital	0.10	0.10	0.50
Reserves and surplus	(0.043)	(0.046)	(0.878)
Sales and other Income	NIL	NIL	NIL
Profit after Tax	(0.002)	(0.002)	(0.83)
Earning per share (EPS) Rs.	(2.34)	(2.50)	(813.86)
Net Assets Value (NAV) Rs.	56.30	53.80	(75.59)

2) Agreem Properties Limited

Agreem Properties Limited is a public limited company incorporated on November 14, 1994. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of real estate and is currently executing the project referred to elsewhere in this Red Herring Prospectus as Nariman Cottage.

Shareholding Pattern as on December 31, 2006

Name of Shareholders	No. of Shares at the face value Rs.100 each	Percentage Shareholding %
Akruti Nirman Limited	2,658	53.16
Falguni V. Shah jointly with Vyomesh M.Shah	460	9.20
Kunjal H. Shah jointly with Hemant M.Shah	460	9.20
Others	1,422	28.44

Total	**5,000**	**100.00**

Directors as on December 31, 2006

The board of directors of Agreem Properties Limited comprises:

1. Mr. Vyomesh M. Shah (Chairman)
2. Mr. Hemant M. Shah
3. Col. Rajbirsingh Malik
4. Ms. Maya Vaidya.

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs.million except per share data)

Particulars	**Year Ended March 31st**		
	2004	**2005**	**2006**
Paid up Equity Share Capital	0.10	0.10	0.50
Reserves and surplus	(0.36)	(0.36)	1.12
Sales and other Income	NIL	NIL	50.49
Profit after Tax	NIL	NIL	1.47
Earning per share (EPS) Rs.	NIL	NIL	1445.54
Net Assets Value (NAV) Rs.	(260.55)	(260.55)	323.36

3) Arnav Properties Private Limited

Arnav Properties Private Limited is a private limited company incorporated on November 15, 1994. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of real estate and is currently executing the project referred to as Akruti One World Mall (S-Mall) elsewhere in this Red Herring Prospectus This is being carried out through a joint venture with SMC Infrastructures Private Limited. This company has applied to the registrar of companies for conversion to a public limited company.

Shareholding Pattern as on December 31, 2006

Name of Shareholders	**No. of Shares at the face value Rs. 100 each**	**Percentage Shareholding %**
Akruti Nirman Limited	4,794	95.88
ANL jointly with our key managerial personnel	200	4.00
Others	6	0.12
Total	5,000	100.00

Directors as on December 31, 2006

The board of directors of Arnav Properties Private Limited comprises:

- Mr. Vyomesh M. Shah, (Chairman)
- Mr. Hemant M. Shah
- Mr. Rajendra Shah
- Mr. Kamal Matalia

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs.million except per share data)

Particulars	Year Ended March 31st		
	2004	2005	2006
Paid up Equity Share Capital	0.10	0.10	0.50
Reserves and surplus	(2.57)	(0.37)	(0.39)
Sales and other Income	49.51	4.77	1.07
Profit after Tax	(2.50)	2.20	(0.02)
Earning per share (EPS) Rs.	(2503.45)	2201.52	(20.48)
Net Assets Value (NAV) Rs.	(2469.62)	(268.11)	22.19

4) Akulpita Construction Private Limited

Akulpita Construction Private Limited is a private limited company incorporated on February 2, 1995. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of real estate. This company has applied to the registrar of companies for conversion to a public limited company.

Shareholding Pattern as on December 31, 2006

Name of Shareholders	No. of Shares at the face value Rs. 10 each	Percentage Shareholding %
Akruti Nirman Limited	27,500	55
Promoter group of our Company	13,498	27
Lata M. Shah	3500	7
Vyomesh M. Shah	3000	6
Hemant M. Shah	2500	5
Others	2	0
Total	**50000**	**100**

Directors as on December 31, 2006

The Board of Directors of Akulpita Construction Private Limited comprises:

1. Mr. Vyomesh M. Shah (Chairman)
2. Mr. Mayur D. Shah
3. Mr. Digant Parekh.

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs.million except per share data)

Particulars	Year Ended March 31st		
	2004	2005	2006
Paid up Equity Share Capital	0.10	0.10	0.50
Reserves and surplus	(0.064)	(0.20)	(0.015)
Sales and other Income	0.006	0.006	0.36
Profit after Tax	0.001	(0.13)	0.18
Earning per share (EPS) Rs.	0.13	(13.25)	17.75
Net Assets Value (NAV) Rs.	3.56	(9.69)	48.46

5) Akruti Centre Point Infotech Private Limited

Akruti Centre Point Infotech Private Limited is a private limited company incorporated on January 3, 2000. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of real estate. This company has applied to the registrar of companies for conversion to a public limited company.

Shareholding Pattern as on December 31, 2006

Name of Shareholders	No. of Shares at the face value Rs. 10 each	Percentage Shareholdings %
Akruti Nirman Limited	49,940	99.88
ANL jointly with key managerial personnel	60	0.12
Total	**50,000**	**100.00**

Directors as on December 31, 2006

The board of directors of Akruti Centre Point Infotech Private Limited comprises:

1. Mr. Vyomesh M. Shah (Chairman)
2. Mr. Madhukar Chobe
3. Ms. Nancy Pereira

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs.million except per share data)

Particulars	Year Ended March 31st		
	2004	2005	2006
Paid up Equity Share Capital	0.10	0.10	0.50
Reserves and surplus	0.066	0.42	0.48
Sales and other Income	NIL	19.29	0.10
Profit after Tax	(0.002)	0.50	0.050
Earning per share (EPS) Rs.	(0.28)	49.56	4.91
Net Assets Value (NAV) Rs.	3.41	52.97	19.60

6) Sheshan Housing & Area Development Engineers Private Limited

Sheshan Housing & Area Development Engineers Private Limited is a private limited company incorporated on February 4, 2000. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of real estate. This company has applied to the registrar of companies for conversion to a public limited company.

Shareholding Pattern as on December 31, 2006

Name of Shareholders	No. of Shares at the face value Rs. 10 each	Percentage Shareholding %
Akruti Nirman Limited jointly with Hemant Shah	22,500	45.00
Akruti Nirman Limited jointly with Vyomesh Shah	22,250	44.50
Akruti Nirman Limited jointly with key	5,250	10.50

Name of Shareholders	No. of Shares at the face value Rs. 10 each	Percentage Shareholding %
managerial personnel of our Company		
Total	**50,000**	**100.00**

Directors as on December 31,, 2006

The board of directors of Sheshan Housing & Area Development Engineers Private Limited comprises:

1. Mr. Hemant M. Shah
2. Mr. Kamal Matalia
3. Ms. Nancy Pereira.

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs.million except per share data)

Particulars	Year Ended March 31st		
	2004	**2005**	**2006**
Paid up Equity Share Capital	0.10	0.10	0.50
Reserves and surplus	0.008	0.008	0.027
Sales and other Income	NIL	NIL	NIL
Profit after Tax	NIL	NIL	(0.022)
Earning per share (EPS) Rs.	NIL	NIL	(2.25)
Net Assets Value (NAV) Rs.	9.20	9.20	9.47

7) T.D.R. Properties Private Limited

T.D.R. Properties Private Limited is a private limited company incorporated on April 26, 1995. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of real estate and is a partner in Suraksha Realtors which is currently executing the project referred to as Akruti Orchid Park (Wing C to I) elsewhere in this Red Herring Prospectus . This company has applied to the registrar of companies for conversion to a public limited company.

Shareholding Pattern as on December 31, 2006

Name of Shareholders	No. of Shares at the face value Rs. 100 each	Percentage Shareholding %
Akruti Nirman Limited	4990	99.80
Others	4	0.08
ANL jointly with key managerial personnel	6	0.12
Total	**5,000**	**100**

Directors as on December 31, 2006

The board of directors of T.D.R. Properties Private Limited comprises:

1. Mr. Hemant M. Shah
2. Mr. Mayur D. Shah
3. Mr. Digant D. Parekh.

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs.million except per share data)

Particulars	Year Ended March 31st		
	2004	**2005**	**2006**
Paid up Equity Share Capital	0.10	0.10	0.50
Reserves and surplus	0.46	0.47	4.56
Sales and other Income	0.13	0.021	5.46
Profit after Tax	0.003	0.009	4.09
Earning per share (EPS) Rs.	5.87	8.54	3997.64
Net Assets Value (NAV) Rs.	563.46	572.00	1011.51

8) Vishal Nirman (India) Private Limited

Vishal Nirman (India) Private Limited is a private limited company incorporated on January 22, 1987. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of real estate and will be undertaking a project referred to as H. Mill project elsewhere in this Red Herring Prospectus. This company has applied to the registrar of companies for conversion to a public limited company.

Shareholding Pattern as on December 31, 2006

Sr. No	Name of Shareholders	No. of Shares at the face value Rs. 100 each	Percentage Shareholding %
1	Hemant M. Shah	2,425	48.50
2	Vyomesh M. Shah	24	0.48
3	Akruti Nirman Limited jointly with Vyomesh M. Shah.	644	12.88
4	Akruti Nirman Limited jointly with Hemant Shah	619	12.38
5	Akruti Nirman Limited jointly with Kamal Matalia	619	12.38
6	Akruti Nirman Limited jointly with Nancy Pereira	619	12.38
7	Akruti Nirman Limited jointly with Rajendra Shah	50	1.00
	Total	**5000**	**100**

Directors as on December 31, 2006

The board of directors of Vishal Nirman (India) Private Limited comprises:

1. Mr. Hemant M. Shah
2. Mr. Rajendra Shah
3. Mr. Kamal Matalia.

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs. million except per share data)

Particulars	Year Ended March 31st		
	2004	2005	2006
Paid up Equity Share Capital	0.20	0.20	0.50
Reserves and surplus	0.42	0.42	0.41
Sales and other Income	0.44	0.001	0.093
Profit after Tax	0.08	(0.008)	(0.009)
Earning per share (EPS) Rs.	39.89	(4.07)	(4.30)
Net Assets Value (NAV) Rs.	310.37	306.29	181.59

Memorandum of Understanding in respect of the acquisition of Chaitra Realty Limited

Vishal Nirman (India) Private Limited ("**Vishal Nirman**") has entered into a memorandum of understanding ("**MoU**") dated May 8, 2006 with Chaitra Realty Limited ("**Chaitra**") and the shareholders of Chaitra, holding approximately 77% of the equity shares of Chaitra (the "**Sellers**"). In terms of this MoU, Vishal Nirman will acquire approximately 77% of the equity shares of Chaitra from the Sellers and make an offer to acquire the remaining equity shares of Chaitra from the other shareholders of Chaitra, in order to acquire control over Chaitra, and consequently over a plot of land owned by Chaitra. We propose to undertake this project in joint venture with another real estate developer. Such developer has agreed to acquire 60% stake in Vishal Nirman Limited, pursuant to which Chaitra Realty Limited shall not be controlled by us. Before Vishal Nirman can acquire these equity shares, certain actions / events need to be completed, including the following:

The Sellers have to purchase at least 76% in value of the non-convertible debentures issued by Chaitra and certain associate companies of Chaitra;

Resolutions have to be passed by the holders of the non-convertible debentures waiving, *inter alia*, their rights to pledge of shares of Chaitra and rights over the plot of land;

Certain dues of Chaitra and certain associate companies of Chaitra have to be paid.

As of the date of this Red Herring Prospectus, the Sellers had purchased 100% in value of the non-convertible debentures issued by Chaitra and certain associate companies of Chaitra.

9) Vishal Tekniks (Civil) Private Limited

Vishal Tekniks (Civil) Private Limited is a private limited company incorporated on October 22, 1986. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of real estate and is currently undertaking the BKC project(referred to as Akruti Empire elsewhere in this Red Herring Prospectus). This company has applied to the registrar of companies for conversion to a public limited company.

Shareholding Pattern as on December 31, 2006

Name of Shareholders	No. of Shares at the face value Rs. 100 each	Percentage Shareholdings %
Akruti Nirman Limited	4,992	99.84
ANL jointly with key managerial personnel	6	0.12
Others	2	0.04
Total	**5,000**	**100.00**

Directors as on December 31, 2006

The board of directors of Vishal Tekniks (Civil) Private Limited comprises:

1. Mr. Vyomesh M. Shah
2. Mr. Hemant M. Shah
3. Ms. Charuta Malshe.

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs. million except per share data)

Particulars	Year Ended March 31st		
	2004	2005	2006
Paid up Equity Share Capital	0.10	0.10	0.50
Reserves and surplus	1.33	1.74	4.35
Sales and other Income	14.64	17.70	80.82
Profit after Tax	(1.68)	0.41	2.61
Earning per share (EPS) Rs.	(1675.17)	409.43	2550.58
Net Assets Value (NAV) Rs.	1429.90	1839.33	969.60

10) Brainpoint Infotech Private Limited

Brainpoint Infotech Private Limited is a private limited company incorporated on March 16, 2000. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of building maintenance. This company has applied to the registrar of companies for conversion to a public limited company.

Shareholding Pattern as on December 31, 2006

Name of Shareholders	No. of Shares at the face value Rs. 10 each	Percentage Shareholding %
Akruti Nirman Limited	44,336	88.67
Tata Consultancy Services Limited	1,794	3.59
Shah Bharat, Shah Kusum	1,290	2.58
M.B.N.L. Securities Private Limited	753	1.51
Hemal N. Goshar, Bhadra K. Maru, Jenis P. Gala	502	1.0
Health Prime Service (India) Private Ltd.	683	1.37
Shoba H. Khan , Habib Khan	282	0.56
Ravin Cable Ltd.	360	0.72
Total	**50,000**	**100.00**

Directors as on December 31, 2006

The board of directors of Brainpoint Infotech Private Limited comprises:

1. Mr. Vyomesh M. Shah (Chairman)
2. Mr. Rajendra Shah
3. Mr. Kamal Matalia

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs. million except per share data)

Particulars	Year Ended March 31st		
	2004	2005	2006
Paid up Equity Share Capital	0.17	0.17	0.50
Reserves and surplus	(0.005)	0.73	1.48
Sales and other Income	1.83	10.92	12.13
Profit after Tax	0.008	0.09	0.11
Earning per share (EPS) Rs.	0.47	5.43	6.16
Net Assets Value (NAV) Rs.	9.70	52.11	39.65

11) E-Commerce Solution (India) Private Limited

E-Commerce Solution (India) Private Limited is a private limited company incorporated on October 21, 1999. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of software development. This company has applied to the registrar of companies for conversion to a public limited company.

Shareholding Pattern as on December 31, 2006

Name of Shareholders	No. of Shares at the face value Rs. 10 each	Percentage Shareholdings %
Akruti Nirman Limited jointly with Vyomesh Shah	10,8830	43.53
Akruti Nirman Limited jointly with Hemant Shah	51,530	20.61
Akruti Nirman Limited jointly with Kamal Matalia	47,120	18.85
Akruti Nirman Limited jointly with Rajendra Shah	13,930	5.57
Akruti Nirman Limited jointly with Nancy Pereira	9,060	3.62
Akruti Nirman Limited jointly with Mayur Shah	11,350	4.54
Akruti Nirman Limited jointly with Digant Parekh	8,170	3.27
Prakash Mehta	10	0.01
Total	**250,000**	**100**

Directors as on December 31, 2006

The board of directors of E-Commerce Solution (India) Private Limited comprises:

1. Mr. Hemant M. Shah
2. Mr. Mayur D. Shah
3. Mr. Digant Parekh

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs. million except per share data)

Particulars	Year Ended March 31st		
	2004	2005	2006
Paid up Equity Share Capital	2.50	2.50	2.50
Reserves and surplus	(0.013)	(0.050)	(0.068)

Sales and other Income	0.002	NIL	NIL
Profit after Tax	(0.019)	(0.038)	(0.019)
Earning per share (EPS) Rs.	(0.07)	(0.15)	(0.08)
Net Assets Value (NAV) Rs.	9.94	9.80	9.72

12) Vaishnavi Builders & Developers Private Limited

Vaishnavi Builders & Developers Private Limited is a private limited company incorporated on August 1, 1985. The company has its registered office at Akruti Trade Centre, Road No.7, Marol, MIDC, Andheri (East), Mumbai – 400 093, and is mainly engaged in the business of real estate and is currently executing the project referred to as Akruti Emerald elsewhere in this Red Herring Prospectus as. This company has applied to the registrar of companies for conversion to a public limited company.

Shareholding Pattern as on December 31,, 2006

Name of Shareholders	No. of Shares at the face value Rs.100 each	Percentage Shareholding %
Akruti Nirman Limited	4300	86.00
Gopal S.Makad	116	2.32
Devchand Ramsharan HUF	116	2.32
Jitendra K.Shah	100	2.00
Rajesh S.Makad	83	1.66
Kusum J. Shah	78	1.56
Pratima J. Shah	50	1.00
Sunil J. Shah	40	0.80
Anil Shah	30	0.60
Satish K. Shah	27	0.54
Hitesh Shah	20	0.40
Premal J.Shah	20	0.40
Tejal J.Shah	20	0.40
Total	**5,000**	**100.00**

Directors as on December 31, 2006

The board of directors of Vaishnavi Builders & Developers Private Limited comprises:

1. Mr. Anil K. Shah (Chairman)
2. Mr. Hemant M. Shah
3. Mr. Vyomesh M. Shah
4. Mr. Jitendra K. Shah
5. Mr. Rajesh S. Makad
6. Mr. Sunil Shah

Financial performance

The restated audited financial results of this company for the last three financial years are as follows:

(In Rs. million except per share data)

Particulars	Year Ended March 31st		
	2004	**2005**	**2006**
Paid up Equity Share Capital	0.10	0.10	0.50
Reserves and surplus	NIL	NIL	(0.093)
Sales and other Income	NIL	NIL	NIL

Profit after Tax	NIL	NIL	NIL
Earning per share (EPS) Rs.	NIL	NIL	NIL
Net Assets Value (NAV) Rs.	(831.38)	(831.38)	(86.28)

None of our subsidiaries has its equity shares listed on a stock exchange. They have not made a rights or public issue in the preceding three years. None of our subsidiaries is a sick Company nor is under winding up proceedings.

Agreement with BAB Developers Private Limited to acquire TDRs

We have entered into an agreement dated October 13, 2005 with BAB Developers Private Limited ("BAB") wherein we have acquired the right, title and interest including the right to receive TDRs, from BAB in respect of a plot of land. This plot of land had already been acquired from certain individuals ("Original Owners") pursuant to notifications dated May 28, 1959 and July 13, 1965 under the Land Acquisition Act, 1894 on payment of compensation in lieu of the compulsory acquisition of land. Thereafter, BAB had acquired the right to develop the said plot of land, including the right to receive TDRs by way of a development agreement dated July 25, 2003 with the Original Owners. BAB was also granted a Power of Attorney dated July 23, 2005 by the Original Owners wherein they were granted the authority to take all necessary steps including making of all applications to the relevant authorities for the required permissions.

The title to the land was subject to certain disputes between the Original Owners and certain third parties. In view of this dispute, the compensation awarded in terms of the Land Acquisition Act, 1894 has been deposited with the High Court of Judicature at Bombay since 1992. The dispute was finally decided in favour of the Original Owners. The Original Owners through their letter dated December 14, 2001 to MCGM had applied for grant of TDRs instead of this compensation awarded. The aforesaid application was rejected by MCGM in pursuance of which the Original Owners appealed to the Chief Minister, Maharashtra (who holds the Urban Development portfolio and therefore has the power to decide on the matter). BAB, acting in terms of the Power of Attorney dated July 22, 2003, made an application dated July 22, 2003 reemphasizing that they are entitled to TDRs instead of compensation in relation to the said plot of land. BAB made another application to the Chief Minister dated September 30, 2005 requesting him to look into the matter. This application was accompanied by an opinion of a former Chief Justice of India which stated that an application for TDRs instead of compensation is maintainable under law. BAB through their letter dated June 14, 2006 to the Chief Minister requested him to grant a hearing in the said matter. Pursuant to our agreement with BAB, in the event the Government of Maharashtra agrees to issue TDRs, we would purchase the same for a consideration of Rs. 1,134 million.

Details of Promoter Group Companies

For details pertaining to the Promoter Group Companies, please refer to the section titled "Our Promoters And Promoter Group" on page 141 of this Red Herring Prospectus.

Companies Disassociated in the Last Three Years

Bisha Repairs and Reconstructions Private Limited

This company was our wholly owned subsidiary. The entire share capital was disposed off on December 12, 2005. Pursuant to the sale of TDR held by this company, there was no business activity left in this company and hence the Company sold off its entire stake.

There was no litigation pending against this company as of the date of sale of the equity shares by our Promoters.

Multilink Infotech Private Limited

This company was our wholly owned subsidiary. The entire share capital was disposed off on July 19, 2005. This company held leasehold rights over the plot of land where one of our projects, Akruti Business Port was constructed. Pursuant to development of the said property, our entire shareholding in this company was sold to a group of individuals.

There was no litigation pending in against this company as of the date of sale of the equity shares by us.

Purchase of shares of Almighty Impex Private Limited

The Company and certain promoters and members of the promoter group have paid an advance of approximately Rs.20 million to the current shareholders of Almighty Impex Private Limited to acquire all the existing shares of this company. The shares have not been transferred as of date and upon transfer Almighty Impex Private Limited will become a subsidiary of the Company. Almighty Impex Private Limited has certain licence rights to manufacture computerised licence plates for automobiles.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

Our Promoters are Mr. Hemant M. Shah and Mr. Vyomesh M. Shah.

Mr. Hemant M. Shah, For details of Mr. Hemant M. Shah, please see under "Details of Directors" on page 102 of this Red Herring Prospectus.

Mr. Vyomesh M. Shah, For details of Mr. Vyomesh M. Shah, please see under "Details of Directors" on page 102 of this Red Herring Prospectus

For details of terms of appointment of Mr. Hemant M. Shah and Mr. Vyomesh M. Shah as our Directors, see the section titled "Our Management" beginning on page 96 of this Red Herring Prospectus. Mr. Hemant Shah and Mr. Vyomesh M. Shah are brothers.

Interest in promotion of our Company

Our Company was incorporated by Mr. Hemant M. Shah and Mr. Vyomesh M. Shah. For this purpose, they subscribed to our Memorandum of Association and to the initial issue of our equity shares. Interest of Mr Hemant M. Shah and Mr. Vyomesh M. Shah in our Company is restricted to their respective shareholding in our Company.

Payment of benefits to our Promoters during the last two years

Except as stated in the section titled "Financial Statements" beginning on page 165, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Red Herring Prospectus.

Related Party Transactions

For details of related party transactions, see section titled "Financial Statements" beginning on page 165.

Other Confirmations

We confirm that the details of the permanent account numbers, bank account numbers and passport numbers (for individuals), company registration number and the addresses of the Registrar of Companies where our Promoter Companies are registered have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

Further, our Promoters have confirmed that they have not been declared as willful defaulters by the Reserve Bank of India or any other Governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Promoter Group Individuals, Companies & Entities

In addition to our Promoters, the following individuals (being the immediate relatives of our Promoters), companies and entities shall form part of our Promoter Group:

- Lata M. Shah (Mother of Promoters)
- Falguni V. Shah (Wife of Vyomesh M. Shah)
- Rushank V. Shah (Son of Vyomesh M. Shah)
- Khilen V. Shah (Son of Vyomesh M. Shah)
- Hemanti D. Parekh (Sister of Promoters)
- Nutan H. Dhanki (Sister of Promoters)
- Sumanben P. Shah (Mother of Falguni V. Shah)
- Kamlesh Shah (Brother of Falguni V. Shah)
- Mehul P. Shah (Brother of Falguni V. Shah)
- Kunjal H. Shah (Wife of Hemant M. Shah)
- Kushal H. Shah (Son of Hemant M. Shah)
- Ajit J. Shah (Brother of Kunjal H. Shah)
- Haresh J. Shah (Brother of Kunjal H. Shah)
- Naresh J. Shah (Brother of Kunjal H. Shah)
- Mukesh J. Shah (Brother of Kunjal H. Shah)
- Minaxi Kamdar (Sister of Kunjal H. Shah)
- Mukesh J. Shah HUF
- Haresh J. Shah HUF
- Naresh J. Shah HUF
- Ajit J. Shah HUF
- Hemant M. Shah HUF
- Vyomesh M. Shah HUF
- Mahipatray V. Shah HUF
- Aarti Projects and Constructions
- Akruti Agricultural and Educational Research Private Limited
- Akruti Farming and Educational Research Private Limited
- Akruti Farming and Educational Services Private Limited
- Akruti Guestline Private Limited
- Akruti Knowledge & Research Limited
- Akruti Niharika Buildings limited
- Akruti Steelfab Corporation
- Akruti Kailash Constructions
- Buildbyte.Com India Private Limited
- Citygold Investment Private Limited
- Citygold Management Services Private Limited
- Devkrupa Consultancy Private Limited
- Devraj Consultancy Private Limited
- Dharni Properties Private Limited
- Gallant Infotech Private Limited
- Ichha Construction Private Limited
- Kamal Bakery Private Limited
- Nutritious Agro Food Limited
- Real Technology Machinery Private Limited
- Roopkala Picture Private Limited
- Rushank Construction Private Limited

- Saicharan Consultancy Private Limited
- Sanskriti Developers Private Limited
- Sita Power Limited
- Tulsyan Krishi Limited
- Ukay Valves & Founder Private Limited
- Vishwajeet Consultancy Private Limited
- Suraksha Realtors

The details of our Promoter group companies and entities are as below:

Akruti Knowledge and Research Limited

Akruti Knowledge and Research Limited was originally incorporated as Akruti Education and Research Limited on January 3, 2006 as a public limited company. The name of company was changed to 'Akruti Knowledge and Research Limited' with effect from February 13, 2006 and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400093. The company is engaged in the business of providing education and research services.

Shareholding pattern as on December 31, 2006

Shareholder	No. of shares	%
Vyomesh M. Shah	24,975	49.95
Hemant M. Shah	24,975	49.95
Others	50	10.00
Total	**50,000**	**100.00**

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah (Chairman)
2. Mr. Hemant M. Shah
3. Mr. Madhukar Chobe
4. Mr. Kanwal Vaid

*Financial performance**

The audited financial results of this company for the last three financial years are as follows:

(In Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 10 per share)	NIL	NIL	0.50
Reserves & Surplus	NIL	NIL	(0.006)
Sales and other income	NIL	NIL	NIL
Profit/Loss after tax	NIL	NIL	(0.006)
Earnings per share (Rs.)	NIL	NIL	(0.11)
Book value per equity share (Rs.)	NIL	NIL	(54.39)

*Since the company was incorporated on January 3, 2006, it has no results to report as of March 31, 2004 and March 31, 2005.

Akruti Guestline Private Limited

Akruti Guestline Private Limited was incorporated on January 13, 2006 as a private limited company and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400 093. The company is engaged in the business of real estate.

Shareholding pattern as on December 31, 2006

Shareholder	No. of shares	%
Vyomesh M. Shah	5,000	50.00
Hemant M. Shah	5,000	50.00
	10,000	**100.00**

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah (Chairman)
2. Mr. Hemant M. Shah

*Financial performance**

The audited financial results of this company for the last three financial years are as follows:

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 10 per share)	NIL	NIL	0.10
Reserves & Surplus	NIL	NIL	(0.002)
Sales and other income	NIL	NIL	NIL
Profit/Loss after tax	NIL	NIL	(0.002)
Earnings per share (Rs.)	NIL	NIL	(0.16)
Book value per equity share (Rs.)	NIL	NIL	9.19

* Since the company was incorporated on January 13, 2006, it has no results to report as of March 31, 2004 and March 31, 2005.

Akruti Niharika Buildings Limited

The Akruti Niharika Buildings Ltd was incorporated on February 13, 2003 as a public limited company and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400009. The company is engaged in the business of building maintenance.

Shareholding pattern as on December 31, 2006

Shareholder	No. of shares 'A' Class	%
Hemant M. Shah	5,000	25
Vyomesh M. Shah	5,000	25
Falguni V. Shah	1,000	5
Kunjal H. Shah	1,000	5
Lata M. Shah	1,000	5
Mahipatray V. Shah	1,000	5
Mahipatray V. Shah HUF	1,000	5
Hemant M. Shah HUF	1,000	5
Vyomesh M. Shah HUF	1,000	5
Rushank V. Shah	1,000	5
Khilen V. Shah – Minor	1,000	5
Kushal V. Shah – Minor	1,000	5
	20,000	**100.00**

Shareholder	No. of shares 'B' Class at the face value Rs. 50/- each	%
Akruti Nirman Limited	6,000	100.00
	6,000	**100.00**

Directors as on December 31, 2006

1. Mr. Mayur D. Shah
2. Mr. Rajendra Shah
3. Mr. Kamal Matalia

Financial performance

The audited financial results of this company for the last three financial years are as follows:

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 10 per 'A' class share & Rs. 50 per 'B' class share)	0.50	0.50	0.50
Reserves & Surplus	(0.23)	0.21	(0.17)
Sales and other income	1.54	5.58	8.98
Profit/Loss after tax	(0.18)	0.44	(0.38)
Earnings per share (Rs.)	(15.65)	22.21	(19.01)
Book value per equity share (Rs.)	13.30	35.52	16.57

Buildbyte.Com (India) Private Limited

Buildbyte.Com (India) Private Limited was incorporated on September 27, 2000 as a private limited company and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400093. The company is engaged in the business of software development.

Shareholding Pattern as on December 31, 2006

Shareholder	No. of shares	%
Niranjan Hiranandani	10,000	25.00
Surendra Hiranandani	10,000	25.00
Hemant Shah HUF	2,750	6.88
Flaguni Shah	2,750	6.88
Kunjal Shah	2,750	6.88
Mahipatray Shah HUF	2,750	6.88
Hemant Shah	1,150	2.87
Vyomesh Shah	1,150	2.87
Mahipatray Shah	1,150	2.87
Rushank Shah	1,150	2.87
Lata Shah	1,100	2.75
Vyomesh Shah HUF	1,100	2.75
Khilen Shah N/G Falguni Shah	1,100	2.75
Kushal Shah N/G Kunjal Shah	1,100	2.75
	40,000	**100.00**

Directors as on December 31, 2006

1. Niranjan Hiranandani (Chairman)
2. Vyomesh M. Shah (Managing Director)
3. Hemant M. Shah
4. Surendra Hiranandani

Financial performance

The audited financial results of this company for the last three financial years are as follows:

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 10 per share)	0.40	0.40	0.40
Reserves & Surplus	(34.58)	(20.73)	0.03
Sales and other income	11.51	19.58	26.53
Profit/Loss after tax	4.23	14.18	21.95
Earnings per share (Rs.)	105.86	354.50	519.11
Book value per equity share (Rs.)	(854.96)	(508.54)	10.61

Citygold Management Services Private Limited

Citygold Management Services Private Limited was incorporated on May 29, 1995 as a private limited company and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400 093. The company is engaged in the business of providing management and consultancy services.

Shareholding Pattern as on December 31, 2006

Shareholder	No. of shares	%
Kunjal H. Shah	497	11.20
Falguni V. Shah	497	11.20
Hemant M. Shah	408	9.20
Vyomesh M. Shah	408	9.20
Lata M. Shah	397	8.95
Mahipatray V. Shah	397	8.95
Akruti Nirman Limited	240	5.41
Vyomesh M. Shah HUF	285	6.42
Hemant M. Shah HUF	285	6.42
Khilen V. Shah N/G Falguni Shah	255	5.75
Rushank V. Shah	255	5.75
Mahipatray Shah HUF	255	5.75
Kushal H. Shah N/G Kunjal Shah	253	5.70
Others	2	0.04
	4,434	**100**

Directors as on December 31, 2006

1. Mr. Hemant M. Shah (Chairman)
2. Mr. Vyomesh M. Shah
3. Mr. E. C. Paulose
4. Mrs. Nancy Pereira

Financial performance

The audited financial results of this company for the last three financial years are as follows:

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 100 per share)	0.10	0.10	0.44
Reserves & Surplus	7.76	9.08	26.30
Sales and other income	29.96	41.82	47.62
Profit/Loss after tax	1.90	1.30	1.54
Earnings per share (Rs.)	1898.97	1296.20	797.41
Book value per equity share (Rs.)	7861.48	9176.27	6031.68

Citygold Investments Private Limited

Citygold Investments Private Limited was incorporated on December 27, 2005 as a private limited company and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400 093. The company is engaged in the business of providing finance.

Shareholding Pattern as on December 31, 2006

Shareholder	No. of shares	%
Hemant Shah	5,000	50
Vyomesh Shah	5,000	50
	10,000	**100**

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah (Chairman)
2. Mr. Hemant M. Shah

*Financial performance**

The audited financial results of this company for the last three financial years are as follows

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 10 per share)	NIL	NIL	0.10
Reserves & Surplus	NIL	NIL	(0.03)
Sales and other income	NIL	NIL	NIL
Profit/Loss after tax	NIL	NIL	0.03
Earnings per share (Rs.)	NIL	NIL	(2.63)
Book value per equity share (Rs.)	NIL	NIL	(15.53)

*Since the company was incorporated on December 27, 2005, it has no results to report as of March 31, 2004 and March 31, 2005.

Devkrupa Consultancy Private Limited

Devkrupa Consultancy Private Limited was incorporated on December 29, 2006 as a private limited company and has its registered office at Akruti Trade Centre, 6th floor, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093. Currently, this company is not carrying on any business.

It holds 300,000 Equity Shares in our Company.

Shareholding pattern as on December 31, 2006

Shareholder	No. of Shares	%
Mahipatray V. Shah HUF	7,500	75.00
Kunjal H. Shah	313	3.13
Falguni V. Shah	313	3.13
Kushal H. Shah N/G. Kunjal H. Shah	313	3.13
Khilen V. Shah N/G. Falguni V. Shah	313	3.13
Rushank V. Shah	312	3.12
Hemant M. Shah HUF	312	3.12
Vyomesh M. Shah HUF	312	3.12
Lata M. Shah	312	3.12
	10,000	**100.00**

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah
2. Mrs. Nancy Pereira

Financial performance

Since the Company was incorporated on December 29, 2006, it has no results to report as of March 31, 2004, March 31, 2005 and March 31, 2006.

Devraj Consultancy Private Limited

Devraj Consultancy Private Limited was incorporated on December 29, 2006 as a private limited company and has its registered office at Akruti Trade Centre, 6th floor, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093. Currently, this company is not carrying on any business. It holds 300,000 Equity Shares in our Company.

Shareholding pattern as on December 31, 2006

Shareholder	No. of Shares	%
Mahipatray V. Shah HUF	7,500	75.00
Kunjal H. Shah	313	3.13
Falguni V. Shah	313	3.13
Kushal H. Shah N/G. Kunjal H. Shah	313	3.13
Khilen V. Shah N/G. Falguni V. Shah	313	3.13
Rushank V. Shah	312	3.12
Hemant M. Shah HUF	312	3.12
Vyomesh M. Shah HUF	312	3.12
Lata M. Shah	312	3.12
	10,000	**100.00**

Directors as on December 31, 2006

1. Mr. Hemant M. Shah
2. Mr. Kamal Matalia

Financial performance

Since this company was incorporated on December 29, 2006, it has no results to report as of March 31, 2004, March 31, 2005 and March 31, 2006.

Dharni Properties Private Limited

Dharni Properties Private Ltd was incorporated on November 15, 1994 as a private limited company and has its registered office at 23-G, Dongershi Road, Walkeshwar, Mumbai – 400 006. The company is engaged in the business of building maintenance.

Shareholding pattern as on December 31, 2006

Shareholder	**No. of shares 'A' Class**	**%**
Property Buzz.com Private Ltd	1,475	7.38
Vyomesh Shah HUF	1,425	7.13
Parul Unadkat	1,425	7.12
Usha Unadkat	1,425	7.12
Anandi Unadkat	1,425	7.12
Hemant Shah jointly with Lata M. Shah	1,425	7.12
Nisha Gandhi	1,425	7.12
Akulpita Constructions Private Ltd	1,425	7.12
Akruti Nirman Limited	1,425	7.12
Jaisukhlal Unadkat jointly with Pranav Unadkat	1,425	7.12
Sameer Uandkat jointly with Nitul Unadkat	1,425	7.12
Jaisukhlal Unadkat	1,397	6.99
Jaisukhlal Unadkat jointly with Sonal Unadkat	1,397	6.99
Jaisukhlal Unadkat jointly with Aartiben Unadkat	1,397	6.99
Champaben Unadkat	28	0.14
Sonal Unadkat	28	0.14
Aarti Unadkat	28	0.14
	20,000	**100.00**

'A' Class shares carry voting rights and distribution of profit / capital

Shareholder	**No. of shares 'B' Class**	**%**
Jaisukhlal Unadkat jointly with Champaben Unadkat	3,730	20.66
Property Buzz.com Private Ltd	1,475	8.17
Vyomesh M. Shah HUF	1,425	7.89
Jaisukhlal Unadkat jointly with Pranav Unadkat	1,425	7.90
Hemant M. Shah jointly with Lata M. Shah	1,248	6.91
Nisha Gandhi	1,248	6.91
Akulpita Constructions Private Ltd	1,248	6.91
Akruti Nirman Limited	1,248	6.91
Parul Unadkat jointly with Sameer Uandkat	1,248	6.91
Usha Unadkat jointly with Nitul Unadkat	1,248	6.91
Anandi Unadkat jointly with Dhiren Unadkat	1,248	6.91
Sameer Uandkat jointly with Nitul Unadkat	1,248	6.91
Champaben Unadkat jointly with Jaisukhlal Unadkat	13	0.07
	18,052	**100.00**

'B' Class shares do not carry voting rights and distribution of profit / capital but have only occupancy right

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah (Chairman)
2. Mr. Hemant M. Shah
3. Mr. Nitul Unadkat
4. Mr. Sameer Unadkat

Financial performance

The audited financial results of this company for the last three financial years are as follows

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 500 per ‘A’ class share & par value Rs. 5000 ‘B’ class share)	80.79	80.79	80.79
Reserves & Surplus	31.72	30.07	29.60
Sales and other income	1.19	1.23	1.59
Profit/Loss after tax	(0.85)	(2.04)	(0.92)
Earnings per share (Rs.) (Face Value Rs. 500/-)	(42.55)	(101.92)	(45.95)
Book value per equity share (Rs.) For Face Value Rs. 500	5625.69	5,543.75	5,520.02

Gallant Infotech Private Limited

Gallant Infotech Pvt Ltd was incorporated on March 16, 2000 as a private limited company and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400 093. The company is engaged in the business of building maintenance.

Shareholding Pattern as on December 31, 2006

Shareholder	No. of shares	%
Akruti Nirman Limited	1,890	15.00
Akruti Nirman Limited / Vyomesh M. Shah	400	3.17
Patni Computers System Ltd.	6,174	49.00
Jain Nirmal, Jain Arti, Jain Bhavik, Jain Preeti	1,536	12.19
Akruti Nirman Limited / Hemant M. Shah	1,000	7.94
Akruti Nirman Limited / Kamal Matalia	1,000	7.94
Akruti Nirman Limited / Nancy Pereira	600	4.76
	12,600	**100**

Directors as on December 31, 2006

1) Mr. Hemant M. Shah
2) Mr. Vyomesh M. Shah
3) Mr. Col. R. S. Malik
4) Mrs. Maya Vaidya

Financial performance

The audited financial results of this company for the last three financial years are as follows.

(In Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 10 per share)	0.1	0.12	0.12
Reserves & Surplus	0.32	1.10	1.25
Sales and other income	2.43	10.68	6.42
Profit/Loss after tax	0.005	0.50	(0.15)
Earnings per share (Rs.)	0.46	39.31	(11.53)
Book value per equity share (Rs.)	41.95	97.58	108.97

Ichha Constructions Private Limited

Ichha Constructions Private Limited was incorporated on March 27, 1992 as a private limited company and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400 093. The company is engaged in the business of real estate.

Shareholding Pattern as on December 31, 2006

Shareholder	No. of shares	%
Hemant M. Shah	800	32.00
Vyomesh M. Shah	800	32.00
Mahipatray V. Shah	90	3.60
Mahipatray Shah HUF	90	3.60
Lata M. Shah	90	3.60
Hemant Shah HUF	90	3.60
Kunjal H. Shah	90	3.60
Vyomesh Shah HUF	90	3.60
Falguni V. Shah	90	3.60
Khilen V. Shah N/G Falguni Shah	90	3.60
Rushank V. Shah	90	3.60
Kushal H. Shah N/G Kunjal Shah	90	3.60
	2,500	**100.00**

Directors as on December 31, 2006

1) Mr. Vyomesh M. Shah (Chairman)
2) Mr. Hemant M. Shah
3) Mrs. Charuta Malshe

Financial performance

The audited financial results of this company for the last three financial years are as follows:

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 100 per share)	0.25	0.25	0.25
Reserves & Surplus	0.56	0.35	0.48
Sales and other income	0.02	NIL	0.95
Profit/Loss after tax	(0.04)	(0.20)	0.13
Earnings per share (Rs.)	(16.03)	(81.51)	52.07
Book value per equity share (Rs.)	322.17	240.66	292.73

Kamal Bakery Private Limited

Kamal Bakery Private Limited was incorporated on August 11, 1998 as a private limited company and has its registered office at Akruti Trade Centre, 6th floor, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093. Currently, this company is not carrying on any business. It holds 300,000 Equity Shares in our Company.

Shareholding pattern as on December 31, 2006

Shareholder	No. of Shares	%
Mahipatray V. Shah HUF	7,500	75.00
Kunjal H. Shah	312	3.12

Falguni V. Shah	312	3.12
Kushal H. Shah N/G. Kunjal H. Shah	312	3.12
Khilen V. Shah N/G. Falguni V. Shah	312	3.12
Rushank V. Shah	312	3.12
Hemant M. Shah HUF	312	3.12
Vyomesh M. Shah HUF	312	3.12
Lata M. Shah	316	3.16
	10,000	**100.00**

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah
2. Mr. Rajendra K. Shah

Financial performance

Since this company has not yet started business operations, it has no results to report as of March 31, 2004, March 31, 2005 and March 31, 2006.

Nutritious Agro Foods Limited

Nutritious Agro Foods Limited was incorporated on_ July 15, 1996 as a public limited Company and has its registered office at Akruti Trade Centre, 6th floor, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093. Currently, this company is not carrying on any business. It holds 300,000 Equity Shares in our Company.

Shareholding pattern as on December 31, 2006

Shareholder	**No. of Shares**	**%**
Mahipatray V. Shah HUF	37,500	75.00
Kunjal H. Shah	1,562	3.124
Falguni V. Shah	1,562	3.124
Kushal H. Shah N/G. Kunjal H. Shah	1,562	3.124
Khilen V. Shah N/G. Falguni V. Shah	1,562	3.124
Rushank V. Shah	1,563	3.126
Hemant M. Shah HUF	1,563	3.126
Vyomesh M. Shah HUF	1,563	3.126
Lata M. Shah	1,563	3.126
	10,000	**100.00**

Directors as on December 31, 2006

1. Mr. Rajendra K. Shah
2. Mr. Kamal B. Matalia
3. Mrs. Nancy Pereira

Financial performance

The audited financial results of this company for the last three financial years are as follows:

(Rs. million except per share data)

	March 31, 2004	**March 31, 2005**	**March 31, 2006**
Equity capital (par value Rs. 10 per	0.50	0.50	0.50

	March 31, 2004	March 31, 2005	March 31, 2006
share)			
Reserves & Surplus	0.001	0.002	0.004
Other income	0.015	0.015	0.015
Profit/Loss after tax	0.001	0.001	0.001
Earnings per share (Rs.)	0.02	0.02	0.03
Book value per equity share (Rs.)	9.44	9.54	9.64

Real Technology Machinery Private Limited

Real Technology Machinery Private Limited was incorporated on September 18, 2006 as a private limited company and has its registered office at Akruti Trade Centre, 6th floor, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093. Currently, this company is not carrying on any business. It holds 300,000 Equity Shares in our Company.

Shareholding pattern as on December 31, 2006

Shareholder	No. of Shares	%
Mahipatray V. Shah HUF	7,500	75.00
Kunjal H. Shah	313	3.13
Falguni V. Shah	313	3.13
Kushal H. Shah N/G. Kunjal H. Shah	313	3.13
Khilen V. Shah N/G. Falguni V. Shah	313	3.13
Rushank V. Shah	312	3.12
Hemant M. Shah HUF	312	3.12
Vyomesh M. Shah HUF	312	3.12
Lata M. Shah	312	3.12
	10,000	**100.00**

Directors as on December 31, 2006

1. Mr. Hemant M. Shah
2. Mrs. Charuta M. Malshe

Financial performance

Since this company was incorporated on September 18, 2006, it has no results to report as of March 31, 2004, March 31, 2005 and March 31, 2006.

Roopkala Pictures Private Limited

Roopkala Pictures Private Ltd was incorporated on January 28, 1992 as a private limited company and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400 093. The company is engaged in the business of production of feature films.

Shareholding Pattern as on December 31, 2006

Shareholder	No. of shares	%
Mahipatray V. Shah	120	12
Hemant M. Shah	80	8
Vyomesh M. Shah	80	8
Mahipatray Shah HUF	80	8
Lata M. Shah	80	8
Hemant Shah HUF	80	8
Kunjal H. Shah	80	8
Vyomesh Shah HUF	80	8
Falguni V. Shah	80	8

Shareholder	No. of shares	%
Khilen V. Shah N/G Falguni Shah	80	8
Rushank V. Shah	80	8
Kushal H. Shah N/G Kunjal Shah	80	8
	1000	**100**

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah (Chairman)
2. Mr. Hemant M. Shah
3. Mrs. Charuta Malshe

Financial performance

The audited financial results of this company for the last three financial years are as follows:

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 100 per share)	0.10	0.10	0.10
Reserves & Surplus	0.96	0.96	0.95
Sales and other income	0.05	NIL	NIL
Profit/Loss after tax	(0.10)	(0.004)	(0.005)
Earnings per share (Rs.)	(104.37)	(4.49)	(5.35)
Book value per equity share (Rs.)	1060.76	1056.26	1050.92

Rushank Constructions Private Limited

Rushank Constructions Private Limited was incorporated on January 28, 1992 as a private limited company and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400093. The company is engaged in the business of real estate.

Shareholding Pattern as on December 31, 2006

Shareholder	No. of shares 'A' Class	%
Pushkar Khurana	15	15
Hemant M. Shah	8	8
Vyomesh M. Shah	7	7
Kunjal H. Shah	7	7
Vyomesh Shah HUF	7	7
Falguni V. Shah	7	7
Hemant Shah HUF	7	7
Khilen V. Shah N/G Falguni Shah	7	7
Kushal H. Shah N/G Kunjal Shah	7	7
Lata M. Shah	7	7
Mahipatray V. Shah	7	7
Rushank V. Shah	7	7
Mahipatray V. Shah HUF	7	7
	100	**100**

'A' Class shares carry voting rights and distribution of profit/ capital

Shareholder	No. of shares 'B' Class	%
Mahipatray V. Shah HUF	830	33.20
Hemant M. Shah jointly with Kunjal H. Shah	170	6.80
Pushkar Khurana	200	8.00

Shareholder	No. of shares 'B' Class	%
Mahipatray V. Shah HUF	830	33.20
Vyomesh M. Shah jointly with Falguni V. Shah	160	6.40
Kunjal H. Shah jointly with Hemant M. Shah	130	5.20
Vyomesh Shah HUF	130	5.20
Falguni V. Shah jointly with Vyomesh M. Shah	130	5.20
Hemant Shah HUF	130	5.20
Khilen V. Shah N/G Falguni Shah	130	5.20
Kushal H. Shah N/G Kunjal Shah	130	5.20
Lata M. Shah	130	5.20
Rushank V. Shah	130	5.20
Mahipatray V. Shah	100	4.00
	2500	**100**

'B' Class shares do not carry voting rights and distribution of profit/ capital but only have occupancy rights

Directors as on December 31, 2006

1) Mr. Vyomesh M. Shah (Chairman)
2) Mr. Hemant M. Shah
3) Mr. Kamal Matalia
4) Mr. Rajendra Shah

Financial performance

The audited financial results of this company for the last three financial years are as follows:

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 100 per share)	0.26	0.26	0.26
Reserves & Surplus	0.03	0.03	0.03
Sales and other income	0.03	0.04	0.93
Profit/Loss after tax	0.001	0.001	0.001
Earnings per share (Rs.)	17.22	6.29	10.63
Book value per equity share (Rs.)	2878.55	2884.84	2895.47

Sanskriti Developers Private Limited

Sanskriti Developers Private Limited was incorporated on August 7, 1995 as a private limited company and has its registered office at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 400 093. The company is engaged in the business of real estate.

Shareholding Pattern as on December 31, 2006

Shareholder	No. of shares	%
Jayshree Thacker	360	15.00
Amit Thacker	360	15.00
Dilip Thacker	300	12.50
Vyomesh M. Shah	185	7.71
Hemant Shah HUF	180	7.50
Anita Sanas	120	5.00
Surendra Sanas	120	5.00
Nikesh Shah	96	4.00
Aditi Shah	84	3.50
Hemant M. Shah	60	2.50
Vyomesh Shah HUF	60	2.50

Shareholder	No. of shares	%
Falguni V. Shah	60	2.50
Khilen V. Shah N/G Falguni Shah	60	2.50
Kunjal H. Shah	60	2.50
Lata M. Shah	60	2.50
Mahipatray V. Shah	60	2.50
Rushank V. Shah	60	2.50
Kushal H. Shah N/G Kunjal Shah	60	2.50
Mahipatray Shah HUF	55	2.29
	2,400	**100**

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah (Chairman)
2. Mr. Hemant M. Shah
3. Mr. Dilip R. Thacker
4. Mr. Amit D. Thacker

Financial Performance

The audited financial results of this company for the last three financial years are as follows:

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity capital (par value Rs. 100 per share)	0.24	0.24	0.24
Reserves & Surplus	0.25	0.44	0.43
Sales and other income	24.57	29.85	0.84
Profit/Loss after tax	0.08	0.20	(0.012)
Earnings per share (Rs.)	33.16	81.43	(4.85)
Book value per equity share (Rs.)	203.33	284.76	279.90

Saicharan Consultancy Private Limited

Saicharan Consultancy Private Limited was incorporated on December 29, 2006 as a private limited Company and has its registered office at Akruti Trade Centre, 6th floor, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093. Currently, this company is not carrying on any business. It holds 300,000 Equity Shares in our Company.

Shareholding pattern as on December 31, 2006

Shareholder	No. of Shares	%
Mahipatray V. Shah HUF	7,500	75.00
Kunjal H. Shah	313	3.13
Falguni V. Shah	313	3.13
Kushal H. Shah N/G. Kunjal H. Shah	313	3.13
Khilen V. Shah N/G. Falguni V. Shah	313	3.13
Rushank V. Shah	312	3.12
Hemant M. Shah HUF	312	3.12
Vyomesh M. Shah HUF	312	3.12
Lata M. Shah	312	3.12
	10,000	**100.00**

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah
2. Mr. Rajendra K. Shah

Financial performance

Since this company was incorporated on December 26, 2006, it has no results to report as of March 31, 2004, March 31, 2005 and March 31, 2006.

Sita Power Limited

Sita Power Limited was incorporated on December 23, 1994 as a public limited company and has its registered office at Akruti Trade Centre, 6th floor, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093. Currently, this company is not carrying on any business. It holds 300,000 Equity Shares in our Company.

Shareholding pattern as on December 31, 2006

Shareholder	No. of Shares	%
Mahipatray V. Shah HUF	37,500	75.00
Kunjal H. Shah	1,562	3.124
Falguni V. Shah	1,562	3.124
Kushal H. Shah N/G. Kunjal H. Shah	1,562	3.124
Khilen V. Shah N/G. Falguni V. Shah	1,562	3.124
Rushank V. Shah	1,563	3.126
Hemant M. Shah HUF	1,563	3.126
Vyomesh M. Shah HUF	1,563	3.126
Lata M. Shah	1,563	3.126
	50,000	**100.00**

Directors as on December 31, 2006

1. Mr. Kamal Matalia
2. Mr. Rajendra K. Shah
3. Mrs. Nancy Pereira

Financial performance

The audited financial results of this company for the last three financial years are as follows:

(Rs. in million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity Capital (par value Rs. 10 per share)	0.50	0.50	0.50
Reserves & Surplus	(0.004)	(0.007)	(0.008)
Other Income	Nil	Nil	Nil
Profit / Loss after tax	(0.003)	(0.002)	(0.002)
Earnings per share (Rs.)	(0.06)	(0.04)	(0.03)
Book Value per equity share (Rs.)	9.61	9.56	9.53

Tulsyan Krishi Limited

Tulsyan Krishi Limited was incorporated on August 8, 1996 as a public limited and has its registered office at Akruti Trade Centre, 6th floor, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093. Currently, this company is not carrying on any business. It holds 300,000 Equity Shares in our Company.

Shareholding pattern as on December 31, 2006

Shareholder	No. of Shares	%
Mahipatray V. Shah HUF	37,500	75.00
Kunjal H. Shah	1,562	3.124
Falguni V. Shah	1,562	3.124
Kushal H. Shah N/G. Kunjal H. Shah	1,562	3.124
Khilen V. Shah N/G. Falguni V. Shah	1,562	3.124
Rushank V. Shah	1,562	3.124
Hemant M. Shah HUF	1,562	3.124
Vyomesh M. Shah HUF	1,562	3.124
Lata M. Shah	1,566	3.132
	50,000	**100.00**

Directors as on December 31, 2006

1. Mr. Mayur D. Shah
2. Mrs. Maya Vaidya
3. Mrs. Charuta M. Malshe

Financial performance

The audited financial results of this company for the last three financial years are as follows :

(Rs. in million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity Capital (par value Rs. 10 per share)	0.50	0.50	0.50
Reserves & Surplus	Nil	Nil	Nil
Other Income	Nil	Nil	Nil
Profit / Loss after tax	Nil	Nil	Nil
Earnings per share (Rs.)	Nil	Nil	Nil
Book Value per equity share (Rs.)	9.55	9.52	9.49

Ukay Valves & Founders Private Limited

Ukay Valves & Founders Private Limited was incorporated on January 12, 1990 as a private limited company and has its registered office at Akruti Trade Centre, 6th floor, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093. Currently, this company is not carrying on any business. It holds 300,000 Equity Shares in our Company.

Shareholding pattern as on December 31, 2006

Shareholder	No. of Shares	%
Mahipatray V. Shah HUF	25,875	75.00
Kunjal H. Shah	1078	3.12
Falguni V. Shah	1078	3.12.
Kushal H. Shah N/G. Kunjal H. Shah	1078	3.12
Khilen V. Shah N/G. Falguni V. Shah	1078	3.12
Rushank V. Shah	1078	3.13
Hemant M. Shah HUF	1078	3.13
Vyomesh M. Shah HUF	1078	3.13
Lata M. Shah	1079	3.13
	34,500	**100.00**

Directors as on December 31, 2006

1. Mr. Hemant M. Shah
2. Mr. Rajendra K. Shah

Financial performance

The audited financial results of this company for the last three financial years are as follows :

(Rs. in million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Equity Capital (par value Rs. 10 per share)	0.345	0.345	0.345
Reserves & Surplus	Nil	(0.003)	(0.008)
Other Income	Nil	0.002	Nil
Profit / Loss after tax	Nil	(0.003)	(0.005)
Earnings per share (Rs.)	Nil	(0.09)	(0.15)
Book Value per equity share (Rs.)	8.82	8.84	8.81

Vishwajeet Consultancy Private Limited

Vishwajeet Consultancy Private Limited was incorporated on December 29, 2006 as a private limited Company and has its registered office at Akruti Trade Centre, 6th floor, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093. Currently, this company is not carrying on any business. It holds 300,000 Equity Shares in our Company.

Shareholding pattern as on December 31, 2006

Shareholder	No. of Shares	%
Mahipatray V. Shah HUF	7,500	75.00
Kunjal H. Shah	313	3.13
Falguni V. Shah	313	3.13
Kushal H. Shah N/G. Kunjal H. Shah	313	3.13
Khilen V. Shah N/G. Falguni V. Shah	313	3.13
Rushank V. Shah	312	3.12
Hemant M. Shah HUF	312	3.12
Vyomesh M. Shah HUF	312	3.12
Lata M. Shah	312	3.12
	10,000	**100.00**

Directors as on December 31, 2006

1. Mr. Hemant M. Shah
2. Mr. Mayur D. Shah

Financial performance

Since this company was incorporated on December 26, 2006, it has no results to report as of March 31, 2004, March 31, 2005 and March 31, 2006.

Akruti Agricultural and Educational Research Private Limited

Akruti Agricultural and Educational Research Private Limited was incorporated on August 3, 2006 as a private limited company and has its registered Office at Akruti Trade Centre, Road No.7, Marol MIDC, Andheri (East), Mumbai 400093. The company is newly incorporated and is yet to commence business.

Shareholding pattern as on December 31, 2006:

Shareholder	No. of shares	%

Hemant M. Shah	5,000	50.00
Vyomesh M. Shah	5,000	50.00
Total	**10,000**	**100.00**

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah
2. Mr. Hemant M. Shah
3. Mr. Kamal Matalia

Financial performance

Since this company was incorporated on August 3, 2006, it has no results to report as of March 31, 2004, March 31, 2005 and March 31, 2006.

Akruti Farming and Educational Research Private Limited

Akruti Farming and Educational Research Private Limited was incorporated on August 3, 2006 as a private limited company and has its registered Office at Akruti Trade Centre, Road No.7, Marol MIDC, Andheri (East), Mumbai 400093.

The company is newly incorporated and is yet to commence business.

Shareholding pattern as on December 31, 2006

Shareholder	No. of shares	%
Hemant M. Shah	5,000	50.00
Vyomesh M. Shah	5,000	50.00
Total	**10,000**	**100.00**

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah
2. Mr. Hemant M. Shah
3. Mrs. Nancy Pereira

Financial performance

Since this company was incorporated on August 3, 2006, it has no results to report as of March 31, 2004, March 31, 2005 and March 31, 2006.

Akruti Farming and Educational Services Private Limited

Akruti Farming and Educational Services Private Limited was incorporated on August 3, 2006 as a private limited company and has its registered Office at Akruti Trade Centre, Road No.7, Marol MIDC, Andheri (East), Mumbai 400093.

The company is newly incorporated and is yet to commence business.

Shareholding pattern as on December 31, 2006

Shareholder	No. of shares	%
Hemant M. Shah	5,000	50.00
Vyomesh M. Shah	5,000	50.00
Total	**10,000**	**100.00**

Directors as on December 31, 2006

1. Mr. Vyomesh M. Shah
2. Mr. Hemant M. Shah
3. Mr. Rajendra Shah

Financial performance

This company was incorporated on August 3, 2006 and therefore, it has no results to report as of March 31, 2004, March 31, 2005 and March 31, 2006.

Haresh J. Shah HUF

Haresh J. Shah HUF was formed on December 15, 1989, is engaged in the business of commission and interest income and has Mr. Haresh J. Shah as its Karta.

The members of Haresh J. Shah HUF are Haresh J. Shah, Jayshree H. Shah, Poojan Shah and Namrata H. Shah.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	0.28	0.30	Not Available
Profit/Loss after tax	N.A	N.A	N.A.
Equity capital (par value Rs. 10 per share)	N.A	N.A	N.A
Earnings per share (Rs.)	N.A	N.A	N.A
Book value per equity share (Rs.)	N.A	N.A	N.A
Reserves & Surplus	N.A	N.A	N.A

Mukesh J. Shah HUF

Mukesh J. Shah HUF, formed on April 27, 1989, is engaged in the business of a consumer durable agency, and has Mukesh J. Shah as its Karta.

The members of Mukesh J. Shah HUF are Mukesh J. Shah, Jyoti M. Shah, Kevin M. Shah, Poojesh M. Shah and Mohit M. Shah.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	0.07	0.12	Not Available
Profit/Loss after tax	N.A	N.A	Not Available
Equity capital (par value Rs. 10 per share)	N.A	N.A	N.A
Earnings per share (Rs.)	N.A	N.A	N.A
Book value per equity share (Rs.)	N.A	N.A	N.A
Reserves & Surplus	N.A	N.A	N.A

Naresh J. Shah HUF

Naresh J. Shah HUF, formed on April 5, 1991, is engaged in the business of interest/dividend, and has Naresh J. Shah as its Karta.

The members of Naresh J. Shah HUF are Naresh J. Shah, Varsha N. Shah, Jainum N. Shah, and Rajvi N. Shah.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Other income	0.03	0.12	Not Available
Profit/Loss after tax	N.A	N.A	Not Available
Equity capital (par value Rs. 10 per share)	N.A	N.A	N.A
Earnings per share (Rs.)	N.A	N.A	N.A
Book value per equity share (Rs.)	N.A	N.A	N.A
Reserves & Surplus	N.A	N.A	N.A

Ajit J. Shah HUF

Ajit J. Shah HUF formed on December 15, 1989, is engaged in the business of interest/dividend, and has Ajit J. Shah as its Karta.

The members of Ajit J. Shah HUF are Ajit J. Shah, Usha A. Shah, and Bhavya A. Shah.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Other income	0.27	0.25	Not Available
Profit/Loss after tax	N.A	N.A	Not Available
Equity capital (par value Rs. 10 per share)	N.A	N.A	N.A
Earnings per share (Rs.)	N.A	N.A	N.A
Book value per equity share (Rs.)	N.A	N.A	N.A
Reserves & Surplus	N.A	N.A	N.A

Hemant M. Shah HUF

Hemant M. Shah HUF was formed on November 16, 1977.

The members of Hemant M. Shah HUF are Hemant M.Shah, Kunjal H. Shah and Khushal H. Shah.

Financial performance

As Hemant M. Shah HUF is not engaged in any business it has no financial performance to declare.

Vyomesh M. Shah HUF

Vyomesh M. Shah HUF was formed on November 16, 1977

The members of Vyomesh M. Shah HUF are Vyomesh M.Shah, Falguni V. Shah, Rushank V. Shah and Khilen V. Shah

Financial performance

As Vyomesh M. Shah HUF is not engaged in any business it has no financial performance to declare.

Mahipatray V. Shah HUF

The Mahipatray V. Shah HUF was formed on January 1, 1960

The members of the Mahipatray V. Shah HUF are Hemant M. Shah executor of the will of late Mr. Mahipatray V. Shah, Vyomesh M.Shah, Lata M.Shah, Rushank V. Shah, Khilen V. Shah and Kushal H. Shah.

Financial performance

As the Mahipatray V. Shah HUF is not engaged in any business it has no financial performance to declare.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements including those required for land acquisition, and overall financial condition.

The table below provides information of dividends declared by our Company during the last five fiscal years.

	FY 2002**	FY 2003	FY 2004	FY 2005	FY 2006*
Face value of equity shares (Rs. per share)	10	10	10	10	10
Dividend (Rs. in million)	10	20	20	40	72
Dividend Tax (Rs. in million)	N.A.	2.56	2.56	5.22	10.10
Dividend per equity share (Rs.)	5.00	10.00	10.00	20.00	1.50
Dividend Rate (%)	50.00	100.00	100.00	200.00	15.00

* recommended by our Board of Directors pursuant to a resolution passed at its meeting held on April 20, 2006 and approved by our shareholders at the Annual General Meeting of the Company held on May 8, 2006, The dividend was paid to our shareholders as on May 11, 2006.

** on February 13, 2002, the Company passed a special resolution for sub – division of the face value of its authorised share capital from Rs. 100 each to Rs. 10 each.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL INFORMATION OF AKRUTI NIRMAN LIMITED

DALAL & SHAH	VIRAL D. DOSHI & CO
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANTS
'THE REGENCY', OFFICE NO. 11 & 12	**203, SHARDA CHAMBERS NO. 4**
1ST FLOOR, NATIONAL LIBRARY ROAD,	**31, KESHAVJI NAIK ROAD**
BANDRA (WEST)	**NARSI NATHA STREET**
MUMBAI 400 050	**MUMBAI – 400 009**
Phone: 2651 4960/ 2651 3540	Phone:5631 4019/2377 5381

REPORT OF THE AUDITORS ON CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Akruti Nirman Limited
Akruti Trade Centre,
Road No.7, Marol
M.I.D.C., Andheri (East),
MUMBAI-400 093.

Dear Sirs,

We, M/s Dalal & Shah, Chartered Accountants ("D&S") and Viral D.Doshi & Co., Chartered Accountants, ("VD") joint auditors of **AKRUTI NIRMAN LIMITED** hereinafter referred to as 'the Company' have examined the consolidated financial information of the Company, its subsidiaries and its associates (collectively referred to as "the Group") contained in the statements annexed to this report, which are proposed to be included in the Red Herring Prospectus in connection with the proposed Initial Public Offer ("IPO") of Equity Shares of the Company.

In terms of the requirement of:

1. paragraph B (1) of Part – II of Schedule II to the Companies Act, 1956,

2. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000, in pursuance of Section 11 of Security and Exchange Board of India Act (SEBI), 1992, "the SEBI Guidelines", and related amendments and;

3. the terms of reference dated 10th May 2006, received from the Company, requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with its proposed IPO of Equity Shares

the consolidated financial information has been prepared by the Company and approved by its Board of Directors.

I. Consolidated Financial Information:

(1) We have examined the attached restated 'Summary Statement of Consolidated Assets and Liabilities' of the Group as at 30th November, 2006 and as at 31st March, 2006, 2005, 2004, 2003 and 2002 (Annexure – 1) and the attached restated 'Summary Statement of

Consolidated Profits and Losses' for the eight months period ended 30th November, 2006 and the five financial years ended 31st March, 2006, 2005, 2004, 2003 and 2002 (Annexure – 2) and the attached restated 'Consolidated Statement of Cash Flows' (Annexure – 3) for the eight months period ended 30th November, 2006 and the four financial years ended 31st March, 2006, 2005, 2004 and 2003, together referred to as 'Restated Summary Consolidated Statements', as prepared by the Company and approved by its Board of Directors. The Consolidated Financial Statements for the eight months period ended 30th November, 2006 prepared by the Company and adopted by the Board of Directors, have been audited jointly by D&S and VD. Since the Company had not presented audited Consolidated Financial Statements for the financial years ended 31st March, 2006, 2005, 2004, 2003 and 2002 in the past, Consolidated Financial Statements for these financial years, have been compiled by the Company from the financial statements of the Group for each of the financial years ended on the aforesaid dates, audited by respective auditors for those years and adopted by the Board of Directors and by the Members in respective companies for those years.

At the request of the Company, VD has carried out audit of the Consolidated accounts of the Company, its subsidiaries and associates as compiled by the management for each of the financial years ended 31st March 2006, 2005, 2004, 2003 and 2002. D&S did not carry out any validation tests or review procedures, since they have not carried out any audit of those financial years.

D&S and VD have, in respect of the Restated Summary Consolidated Statements, relied upon the information given by the Company in order to satisfy the accepted principles and procedures for preparation of consolidated restated financial statements.

(2) We report as under: -

(i) We have audited the adjustments referred to in Annexure 14 and confirm the correctness of the retrospective adjustments and the impact of those adjustments in the Restated Summary Consolidated Statements as per the SEBI Guidelines;

(ii) The Restated Summary Consolidated Statements reflect the consolidated assets and liabilities, consolidated profits and losses and consolidated cash flows of the Group extracted from the financial statements for the eight months period ended 30th November, 2006 and the financial years ended on 31st March, 2006, 2005, 2004, 2003 and 2002 compiled by the Company and after making such adjustments, regrouping and disclosures as were, in our opinion, appropriate and required to be made, the same are in accordance with Clause (b) of paragraph 6.10.2.7 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000, in pursuance of Section 11 of SEBI Act, 1992, "the SEBI Guidelines" and related amendments;

(iii) In our opinion, the consolidated financial information, all the Annexures listed below read together with the Significant Accounting Policies (Annexure–13), particularly note 8 (e) and with the other Notes (Annexure- 14) thereon and after making such adjustments, regroupings and disclosures as were, in our opinion, considered appropriate and required, have been prepared in accordance with Part–II of Schedule II of the Companies Act, 1956, and the SEBI Guidelines and related amendments.

II. Other Financial Information:

We have examined the following consolidated financial information relating to the Group, extracted from the consolidated financial statements for the eight months period ended 30th November, 2006 audited jointly by D&S and VD, and the financial years ended on 31st March, 2006, 2005, 2004, 2003 and 2002 audited by VD, and which is proposed to be included in the Red Herring Prospectus, as approved by the Board of Directors and annexed to this report:-

i) Consolidated Restated Statement of Secured Loans (Annexure - 4)

ii) Consolidated Restated Statement of Unsecured Loans (Annexure - 5)

iii) Consolidated Restated Statement of Investments (Annexure - 6)

iv) Consolidated Restated Statement of Sundry Debtors (Annexure - 7)

v) Consolidated Restated Statement of Loans and Advances (Annexure - 8)

vi) Consolidated Restated Statement of Sales and Operating Income (Annexure-9)

vii) Consolidated Restated Statement of Other Income (Annexure - 10)

viii) Consolidated Restated Statement of Cost of Construction (Annexure-11)

ix) Consolidated Restated Statement of Administrative expenses (Annexure - 12)

x) Consolidated Restated Statement of Accounting Ratios (Annexure - 15)

xi) Consolidated Statement of Capitalisation (Annexure - 16)

xii) Consolidated Statement of Related Party Disclosures (Annexure - 17). However, in respect of the information relating to the list of Related Parties and transactions entered into with them during the financial years ended 31st March 2006, 2005, 2004, 2003 and 2002 as compiled by the Company, we have not performed any validation checks or review procedures in order to determine whether the same is accurate or complete.

This report should not in any way be construed to be a re-issuance or re-dating of any of the previous audit reports by other firms of Chartered Accountants nor should it be construed to be a new opinion on any of the financial statements referred to herein.

This Report is being provided solely for the use of Akruti Nirman Limited, for the purpose of inclusion in the said Red Herring Prospectus in connection with the proposed IPO of the Equity Shares of the Company.

This Report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instance and which consent may be given only after full consideration of the circumstances at that time.

For and on behalf of
DALAL & SHAH
Chartered Accountants

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

SHISHIR DALAL
Partner
Membership No.37310
MUMBAI: 2nd Jan 2007

VIRAL DOSHI
Proprietor
Membership No.105330

ANNEXURE - 1

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Million)

	Particulars	As at 30th November, 2006	As at 31st March,				
			2006	**2005**	**2004**	**2003**	**2002**
A	**Fixed Assets:**						
	Gross Block	1018.78	1024.59	874.47	755.51	138.55	148.92
	Less: Depreciation	158.23	161.30	117.53	47.30	18.30	10.94
	Net Block	**860.55**	**863.29**	**756.94**	**708.21**	**120.25**	**137.98**
B	Capital Work in Progress	27.03	**-**	**-**	**-**	**-**	**-**
C	Investments	**283.44**	**212.77**	**94.85**	**70.75**	**47.33**	**24.49**
D	Current Assets, Loans and Advances						
	Inventories	1590.81	1156.57	1280.84	989.99	1256.38	918.01
	Less: Revaluation Reserve	-	-	-	2.57	2.57	7.03
		1590.81	1156.57	1280.84	987.42	1253.81	910.98
	Sundry Debtors	58.40	32.75	40.94	25.10	53.31	58.45
	Cash and Bank Balances	896.23	56.71	202.88	68.46	12.24	3.99
	Loans and Advances	2817.31	345.72	258.49	231.39	133.29	137.49
	Other Current Assets	**-**	**-**	**-**	**-**	0.11	0.06
		5362.75	**1591.75**	**1783.15**	**1312.37**	**1452.76**	**1110.97**
E	Liabilities and Provisions						
	Secured Loans	2544.43	891.15	1376.92	1172.24	726.20	657.71
	Unsecured Loans	2207.55	65.85	136.76	85.06	92.20	58.88
	Current Liabilities and Provisions	581.38	626.64	597.72	408.79	435.48	294.57
		5333.36	**1583.64**	**2111.40**	**1666.09**	**1253.88**	**1011.16**
F	Deferred Tax Liability	**2.59**	**6.43**	**9.14**	**0.45**	**0.29**	-
G	Minority Interest	**1.87**	**4.93**	**2.15**	**1.95**	**2.62**	**3.22**
H	Net Worth (A+B+C+D-E-F-G)	**1195.95**	**1072.81**	**512.25**	**422.84**	**363.55**	**259.06**
I	**Represented by**						
	1. Share Capital	600.00	480.00	20.00	20.00	20.00	5.00
	2. Reserves	627.62	592.81	492.26	405.42	346.13	261.10
	Less : Revaluation Reserve	**-**	**-**	**-**	2.57	2.57	7.03
		627.62	592.81	492.26	402.85	343.56	254.07
	3. Less : Miscellaneous Expenditure	31.67	-	0.01	0.01	0.01	0.01
J	Net Worth (I1 + I2 – I3)	**1195.95**	**1072.81**	**512.25**	**422.84**	**363.55**	**259.06**

As per our report of even date

For and on Behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No : 37310

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

VIRAL DOSHI
Proprietor
Membership No : 105330

For and on Behalf of the Board

HEMANT SHAH
Chairman

CHETAN MODY
Company Secretary
Membership No : 2196

VYOMESH SHAH
Managing Director

Mumbai: 2nd Jan 2007

ANNEXURE - 2

SUMMARY STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED

(Rs. In Million)

Particulars	As at 30th November, 2006	As at 31st March,				
		2006	**2005**	**2004**	**2003**	**2002**
Income						
Sales and other Operating Income	726.48	2032.63	674.63	500.67	539.55	397.47
Other Income	14.36	20.19	12.27	25.28	20.86	11.10
Total Income	**740.84**	**2052.82**	**686.90**	**525.95**	**560.51**	**408.57**
Expenditure						
Purchase of Transferable Development Rights(TDR) for Trade	33.60	-	-	-	-	-
Less : Closing Inventory of TDR Purchased for Trade	(33.60)	-	-	-	-	-
Cost of Construction	233.24	1215.82	334.38	291.58	354.56	198.80
Employment Costs	36.33	12.91	4.50	4.50	0.30	0.30
Interest and Finance Charges	129.98	66.92	99.20	65.77	40.06	32.62
Administrative Selling and General Expenses	119.69	39.32	24.89	47.19	18.47	13.92
Depreciation	41.39	47.98	70.67	28.91	7.36	8.36
Total Expenditure	**560.63**	**1382.95**	**533.64**	**437.95**	**420.75**	**254.00**
Net Profit before Tax	**180.21**	**669.87**	**153.26**	**88.00**	**139.76**	**154.57**
Less : Taxation(Including Fringe Benefit Tax)	31.44	34.39	12.47	7.23	12.62	12.06
Less : Provision for Deferred Tax[Charge/(Credit)]	(3.85)	(2.71)	8.69	0.17	0.13	-
Net Profit after Tax	**152.62**	**638.19**	**132.10**	**80.60**	**127.01**	**142.51**
Share of Profit(Loss) from Associates	(0.52)	0.03	0.28	0.45	0.40	0.32
Share of Minority Interest[(Profit)/Loss]	0.02	(2.16	(0.47)	0.78	(0.37)	-
Pre-acquisition (Profit) /Loss	(6.38)	(0.11)	0.06	-	(0.01)	-
Net Profit Before Exceptional Items	**145.74**	**635.95**	**131.97**	**81.83**	**127.03**	**142.83**
Exceptional Items :						
Less : Loss on Sale of Subsidiaries & Dilution in	-	1.94	-	-	-	-
holding in Associates						
Less : Goodwill on Acquisition Written Off	0.17	0.82	0.07	-	-	0.05
Net Profit After Exceptional Items	**145.57**	**633.09**	**131.90**	**81.83**	**127.03**	**142.78**

As per our report of even date

For and on Behalf of the Board

For and on Behalf of
DALAL & SHAH
Chartered Accountants

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

HEMANT SHAH
Chairman

SHISHIR DALAL	**VIRAL DOSHI**	**CHETAN MODY**	**VYOMESH SHAH**
Partner	Proprietor	Company Secretary	Managing Director
Membership No : 37310	Membership No : 105330	Membership No : 2196	
Mumbai: 2nd Jan 2007			

ANNEXURE – 3

STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED

(Rs. In Million)

Particulars	**As at 30th November, 2006**	**As at 31st March,**			
		2006	**2005**	**2004**	**2003**
I Cash flow arising from Operating Activities ;					
Net Profit before tax as per Profit and Loss Account	**180.21**	**669.87**	**153.26**	**88.00**	**139.76**
Add / (Deduct) :					
Interest & Finance Charges	129.98	66.92	99.20	65.77	40.06
Depreciation	41.39	47.98	70.67	28.91	7.36
(Profit) / Loss on Sale of Fixed Assets	-	0.20	-	(2.34)	(27.02)
Pre-acquisition (Profit) / Loss	(6.38)	(0.11)	0.06	-	(0.01)
Interest Income	(10.81)	(18.59)	(3.80)	(4.00)	(20.86)
Operating Profit before Working Capital Changes	**334.39**	**766.27**	**319.39**	**176.34**	**139.29**
Working Capital Adjustment :					
(Increase)/ Decrease in inventory	(434.24)	124.27	(290.85)	266.39	(338.37)
(Increase)/ Decrease in other Current Assets	(317.30)	-	-	0.10	(0.05)
(Increase)/ Decrease in Sundry Debtors	(25.65)	8.19	(15.83)	28.20	5.15
Increase/ (Decrease) in Current Liabilities	4.29	(8.29)	166.27	(26.69)	128.34
Income Tax Paid	(66.38)	(13.62)	(28.68)	(16.85)	(14.49)
	(839.28)	**110.55**	**(169.09)**	**251.15**	**(219.42)**
Net Cash inflow / (outflow) in the course of Operating Activities	**(504.89)**	**876.82**	**150.30**	**427.49**	**(80.13)**
II Cash flow arising from Investing Activities					
Inflow / (Outflow) on account of:					
Interest Income	10.86	18.59	3.80	4.00	20.86
Fixed Assets (Net) (Refer Note)	(59.65)	(155.49)	(119.60)	(614.39)	32.13
Investments (Net)	(71.18)	(119.59)	(23.81)	(22.97)	(22.44)
(Increase) / Decrease in Loans & Advances	(2406.55)	(107.67)	(10.88)	(88.48)	6.07
Net Cash inflow/(outflow) in the course of Investing Activities	**(2526.52)**	**(364.16)**	**(150.49)**	**(721.84)**	**36.62**
III Cash flow arising from Financing Activities					
Inflow / (outflow) on account of :					
Proceeds from issue of Shares	-	10.00	-	-	-
Increase / (Decrease) in Secured Loan	1654.34	(481.01)	202.17	478.46	47.83
Increase / (Decrease) in Unsecured Loan	2139.37	(70.90)	51.69	(7.15)	33.33
Interest & Finance Charges	(126.32)	(71.69)	(96.69)	(98.18)	(19.40)
Dividend Paid	(72.00)	(40.00)	(20.00)	(20.00)	(10.00)
Tax on Dividend	(10.10)	(5.23)	(2.56)	(2.56)	-
Share Issue Expenses	(31.66)	-	-	-	-
Net Cash inflow / (outflow) in the course of Financing Activities	**3553.63**	**(658.83)**	**134.61**	**350.57**	**51.76**
Net Increase / (Decrease) in Cash and Cash	**522.22**	**(146.17)**	**134.42**	**56.22**	**8.25**

Equivalents (I+II+III)					
Add : Cash and Cash Equivalents at the beginning of the year / period	56.71	202.88	68.46	12.24	3.99
Cash and cash Equivalents at the end of the year / period	**578.93**	**56.71**	**202.88**	**68.46**	**12.24**

Reconciliation of Cash and Bank Balances :					
Cash and Bank Balances	896.23	56.71	202.88	68.46	12.24
Less					
- Margin Money Balances	(17.30)	-	-	-	-
- Fixed Deposit pledged towards Bank Overdraft Facility	(300.00)	-	-	-	-
Cash and Cash Equivalent at the end of the period	**578.93**	**56.71**	**202.88**	**68.46**	**12.24**

Note: Purchase / sale of asset include effect of acquisition / divestment of subsidiaries.

As per our report of even date

For and on Behalf of the Board

For and on Behalf of
DALAL & SHAH
Chartered Accountants

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

HEMANT SHAH
Chairman

SHISHIR DALAL
Partner
Membership No : 37310
Mumbai: 2nd Jan 2007

VIRAL DOSHI
Proprietor
Membership No : 105330

CHETAN MODY
Company Secretary
Membership No : 2196

VYOMESH SHAH
Managing Director

ANNEXURE – 4

CONSOLIDATED STATEMENT OF SECURED LOANS, AS RESTATED

(Rs. in Million)

Particulars	**As at 30th November, 2006**	**As at 31st March,**				
		2006	**2005**	**2004**	**2003**	**2002**
A) Debentures :						
LIC Mutual Fund	1000.00	-	-	-	-	-
Mortgage of property, yet to be created						
B) Loans from :						
I. Banks						
i) Canara Bank	160.01	109.71	185.00	90.00	-	-
a) Overdraft limit against hypothecation of goods/material received against guarantee issued towards job work / conversion / advances / supplier credits.						
b) Collateral : Extension of charge over immovable properties already charged to bank under current loans with market value of Rs. 7596.93 lacs. Present residual value of Rs. 2865.26 lacs.						
c) Registered Mortgage of proposed commercial construction at CTS No. 2/839, Malabar Hill Division 'D' Bhulabhai Desai Road, Mumbai with saleable area of Approx. 20139 sq.ft.						
d) Collateral Security : Commercial premises saleable area of 16000 sq.ft. in Akruti Trade Cenre and two residential flat each with area of 1002 sq.ft. in Akruti Astha at Walkeshwar Mumbai (with car parking space) one of which is owned jointly by a subsidiary company and a relative of the						
ii) Bank of Baroda	-	97.59	70.00	15.00	-	-
iii) Union Bank of India	300.00	250.00	215.00	125.00	-	-
Secured against Fixed Deposits placed with the Bank.						
iv) ICICI Bank Ltd.					148.50	50.00
v) Bank of India	-	-	52.50	-	-	-
vi) State Bank of India	83.39	-	-	-	-	
Equitable mortgage of commercial land and building at plot No. 5, Road no. 7, MIDC, Central Road, Andheri (E), Mumbai		-	-	-	-	-
vii) Bank of India	52.39	66.62	92.65	-		-

Secured by way of immovable property i.e Unit No. 601 on 6th floor, admeasuring 31,997 sq.ft. chargeable area of Akruti Trade Centre, MIDC, Andheri (E) Mumbai & Hypothecation of all movables, furniture, A/c plant – etc. on 6th floor of Akruti Trade Centre.						
viii) Canara Bank	-	-	25.29	-	-	-
ix) ICICI Bank Ltd (Car Loan)	1.00	1.22	1.53	-	0.07	0.16
Secured by hypothecation of vehicle						
x) HDFC Bank Ltd. (Car Loan)	2.39	3.07	3.91	4.75	-	-
Secured by Hypothecation of Vehicles						
xi) Working Capital Loan from Canara Bank	-	1.13	12.98	3.83	-	-
xii) ABN Amro Bank	-	-	-	-	0.04	0.20
xiii) Interest Accrued and due on above	-	-	4.77	1.90	0.57	0.70
Total BI (i to xiii)	**599.18**	**529.34**	**663.63**	**240.48**	**149.18**	**51.06**

ANNEXURE – 4

CONSOLIDATED STATEMENT OF SECURED LOANS, AS RESTATED

(Rs. in Million)

Particulars	**As at 30th November, 2006**	**As at 31st March,**				
		2006	**2005**	**2004**	**2003**	**2002**
II) FROM OTHERS						
i) Shivshahi Punarvasan Prakalp Ltd.	-	-	-	38.31	269.83	281.52
ii) HDFC Ltd.	330.08	-	-	-	110.00	110.00
Akruti Elegance B Wing, Akruti Erica, Akruti Orion & Akruti Nova B Wing, Akruti Atria B Wing (unsold Area) & Voltas Property situated at Thane		-	-	-	-	-
iii) HDFC Ltd.	-	50.00	-	-	15.50	28.66
iv) Kotak Mahindra Primus Ltd.	0.37	-	-	-	-	
Secured by Hypothecation of vehicles						
v) Kotak Mahindra Finance Ltd.	-	-	9.48	19.05	26.08	32.38
vi) HDFC Ltd.	**-**	**-**	**-**	50.03	27.57	57.70
vii) GE Countrywide Consumer Financial Services Ltd.	**-**	**-**	-	0.02	0.20	0.33
viii) From others	**-**	-	-	31.31	13.87	-
ix. Interest Accrued and due on above	**-**	**-**	**-**	**-**	33.70	13.05
Total BII (i to ix)	330.45	50.00	9.48	138.72	496.75	523.64
C) Lease Rental Loans:						
I) FROM BANKS						
i) **Canara Bank**	90.15	100.76	472.50	553.58	42.00	-
a) 18206 sq. ft. area on 5th floor at Akruti Trade Centre (Goldshield Service Pvt. Ltd.)						
b) 11279 sq. ft. area on 2nd Floor at Akruti Trade Centre (Kale Consultant)						
c) 15980 sq. ft. area on 3rd floor in Akruti Softech Park (Atos orgin)						
ii) Corporation Bank	124.13	131.22	-	-	-	-
a) Unit No 203, 2nd floor Akruti Trade Centre Area of 9300 Sq. ft. (Kale						

Consultant)						
b) Unit No.102, 1st Floor Akruti Trade Centre Area of 11553 Sq.ft. (Gold Shield Service Pvt. Ltd.)						
c) Unit No 201/A area 1575 Sq.ft. and Unit No. 201/B area 6225 Sq.ft. to Kale Consultants Ltd. & Unit No 101 area 16192 Sq. ft. to Goldshield Services Pvt. Ltd.						
iii) Punjab National Bank	146.52	79.83	87.83	92.55	-	-
a) 14260 Sq.ft. area on 5th floor of Akruti Trade Centre. (Goldshield Services Pvt. Ltd.)						
b) 13754 Sq.ft. area on 4th floor of Akruti Trade Centre. (APL India Pvt. Ltd.)						
c) Unit No.301, 3rd floor, Akruti Centre Point to Infrasoft Technologies Ltd.						
iv) Union Bank of India	254.00	-	-	-	-	-
55828 sq.ft. area, of Akruti Centre Point (Value Electronic Ltd., Woolworth Ltd., 3i Infotech, BNP Paribas)						
v) ICICI Bank Ltd	**-**	**-**	**-**	**-**	27.87	67.75
vi) Janakalyan Sahakari Bank Ltd	**-**	**-**	**-**	**-**	10	15
vii) Corporation Bank	**-**	**-**	143.48	146.55	**-**	**-**
viii) Interest Accrued and due on above	**-**	**-**	**-**	0.36	0.40	0.26
Total CI (i to viii)	**614.80**	**311.81**	**703.81**	**793.04**	**80.27**	**83.01**
Grand Total (A + BI + BII + C)	**2544.43**	**891.15**	**1376.92**	**1172.24**	**726.20**	**657.71**

Note: Description of security has been given in respect of facility having balances outstanding as on 30th November, 2006.

ANNEXURE – 5

CONSOLIDATED STATEMENT OF UNSECURED LOANS, AS RESTATED

(Rs. in Million)

Particulars	**As at 30th November, 2006**	**For the year ended 31st March,**				
		2006	**2005**	**2004**	**2003**	**2002**
Loans From:-						
Directors	-	-	10.00	13.95	3.10	4.38
Group Companies	-	-	7.45	9.49	8.16	4.00
Shareholder other than Directors	7.07	51.33	8.35	-	0.26	2.24
Other Corporate Bodies	2200.48	14.52	110.96	61.62	80.68	48.26
Total	**2207.55**	**65.85**	**136.76**	**85.06**	**92.20**	**58.88**

ANNEXURE – 6

CONSOLIDATED STATEMENT OF INVESTMENT, AS RESTATED

(Rs. in Million)

Particulars	**As at 30th November, 2006**	**For the year ended 31st March,**				
		2006	**2005**	**2004**	**2003**	**2002**
Unquoted Investments						
In Promoter Group Companies	0.44	0.49	0.20	0.30	0.08	-
In Associate Companies	19.28	19.77	2.19	1.40	0.95	0.60
Others	672.05	600.85	92.46	69.05	46.30	23.89
Less : Balance contribution outstanding to a JV	(408.34)	(408.34)	-	-	-	-
Total	**283.44**	**212.77**	**94.85**	**70.75**	**47.33**	**24.49**

ANNEXURE – 7

CONSOLIDATED STATEMENT OF SUNDRY DEBTORS, AS RESTATED

(Rs. in Million)

Particulars	**As at 30th November, 2006**	**As at 31st March,**				
		2006	**2005**	**2004**	**2003**	**2002**
Debt outstanding for the period exceeding 6 months	3.72	15.10	15.15	16.53	30.86	28.73
Other Debts	54.68	17.65	25.79	8.57	22.45	29.72
Total	**58.40**	**32.75**	**40.94**	**25.10**	**53.31**	**58.45**

ANNEXURE - 8

CONSOLIDATED STATEMENT OF LOANS & ADVANCES, AS RESTATED

(Rs. in Million)

Particulars	As at 30th November,	As at 31st March,				
		2006	**2005**	**2004**	**2003**	**2002**
Loans to Subsidiaries (Promoter / Promoter Group Companies)	-	-	-	-	-	1.55
Loans to Body Corporates and Others	155.55	172.95	79.07	52.55	40.36	70.87
Loans to Employees	0.05	0.07	-	-	-	-
Advance Tax and Tax deducted at	81.52	16.43	37.11	20.92	11.09	9.15
Advances recoverable in cash or in kind or for value to be received	2543.01	125.74	132.94	121.69	78.90	54.63
Deposits	21.25	9.88	0.02	2.01	1.01	0.22
Others (Advance to Suppliers)	15.93	20.65	9.35	34.22	1.93	1.07
Total	**2817.31**	**345.72**	**258.49**	**231.39**	**133.29**	**137.49**

ANNEXURE - 9

CONSOLIDATED STATEMENT OF SALES AND OPERATING INCOME, AS RESTATED

(Rs. in Million)

Particulars	For the period ended 30th November, 2006	For the year ended 31st March,				
		2006	**2005**	**2004**	**2003**	**2002**
Sales	636.16	1615.80	499.57	401.90	512.65	354.45
Share of Profit /(Loss) from Joint Ventures and Partnership	(0.62)	311.30	0.54	8.26	0.50	9.33
Income from Leased Premises	90.94	105.53	174.52	90.51	26.50	33.69
Total	**726.48**	**2032.63**	**674.63**	**500.67**	**539.65**	**397.47**

ANNEXURE – 10

CONSOLIDATED STATEMENT OF OTHER INCOME, AS RESTATED

(Rs. in Million)

Particulars	For the period ended 30th November,	For the year ended 31st March,				
	2006	**2006**	**2005**	**2004**	**2003**	**2002**
Recurring Income						
Interest Income	10.81	17.00	3.88	4.13	13.93	11.04
Total (A)	**10.81**	**17.00**	**3.88**	**4.13**	**13.93**	**11.04**
Non-Recurring Income						
Society Maintenance	0.77	7.25	3.54	2.72	3.02	-
Miscellaneous Receipts	2.78	1.09	4.85	2.77	0.94	0.06
Profit on sale of Assets	-	-	-	2.34	-	-
Compensation Received	-	-	-	12.00	2.97	-
Profit /(Loss) from Trading	-	(5.15)	-	1.32	-	-
Total (B)	**3.55**	**3.19**	**8.39**	**21.15**	**6.93**	**0.06**
Grand Total A + B)	**14.36**	**20.19**	**12.27**	**25.28**	**20.86**	**11.10**

ANNEXURE - 11

STATEMENT SHOWING CONSOLIDATED COST OF CONSTRUCTION, AS RESTATED

(Rs. in Million)

Particulars	**For the period ended 30th November, 2006**	**For the year ended 31st March,**				
		2006	**2005**	**2004**	**2003**	**2002**
1. Cost of Construction	705.73	1528.17	724.75	463.00	682.36	430.46
2. (Increase)/Decrease in Inventory	(453.08)	149.35	(290.85)	301.46	(327.80)	(231.66)
Less : Closing Inventory of TDR Purchased for Trade	33.60	-	-	-	-	-
Net (Increase)/Decrease	(419.48)	149.35	(290.85)	301.46	(327.80)	(231.66)
Sub-total (1 + 2)	**286.25**	**1677.52**	**433.90**	**764.46**	**354.56**	**198.80**
Less:						
Transferred to Fixed Assets	52.05	461.70	99.52	472.88	-	**-**
Transferred to Akruti SMC JV	0.96	-	-	-	-	-
Total	**233.24**	**1215.82**	**334.38**	**291.58**	**354.56**	**198.80**

ANNEXURE - 12

CONSOLIDATED STATEMENT OF ADMINISTRATIVE EXPENSES, AS RESTATED

(Rs. in Million)

Particulars	For the period ended 30th November, 2006	As at 31st March,				
		2006	**2005**	**2004**	**2003**	**2002**
Audit Fees	1.54	0.38	0.31	0.43	0.38	0.35
Director Fees and Expenses	0.54	0.38	0.10	-	-	-
Rent	0.56	0.84	-	-	-	-
Filing Expenses	0.06	6.37	0.18	0.05	0.02	0.01
Insurance	1.61	2.21	9.36	0.30	0.08	0.09
Advertising & Sales Promotion Expenses	26.84	1.54	0.80	0.66	4.55	0.49
Repairs & Maintenance to Society	4.38	0.40	0.41	2.64	0.87	1.65
Property Taxes	10.63	0.65	0.10	8.29	4.33	4.88
Legal & Professional Fees	22.93	10.49	5.97	8.29	2.40	1.73
Brokerage	25.20	-	0.05	-	-	-
Loss on Sale of Assets	-	0.20	0.08	0.03	0.01	0.14
Preliminary Expenses w/off	-	0.01	-	-	-	-
Other Expenses	25.40	15.85	7.53	26.50	5.83	4.58
Total	**119.69**	**39.32**	**24.89**	**47.19**	**18.47**	**13.92**

ANNEXURE - 13

CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

II. USE OF ESTIMATES

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

III. REVENUE RECOGNITION

A. Revenue from Construction Activity:

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

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

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

The Company was recognizing revenue as per the completed building project method, upto the financial year ended 31st March, 2006. The change to the percentage of completion method, to the extent applicable, has been adopted in pursuance of the guidance note on recognition of revenue by real estate developers, issued by the Institute of Chartered Accountants of India, during the current period. The aforesaid change has resulted in the Sales and Income from Operations for the current period being higher by Rs.204.29 Million and the Profit before tax for the period being higher by Rs.72.76 Million. Reference is invited to Note No. 8 (e) in Annexure -14.

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

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

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

C. Income from Leased Premises:

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

D. Others:

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

IV. FIXED ASSETS AND DEPRECIATION

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

B. Depreciation for the year is provided on the written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such addition, or upto the date of such sale/disposal, as the case may be.

V. INVENTORIES

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

B. Finished properties are stated at Cost or Net Realizable Value, whichever is lower. Finished properties given under operating lease are disclosed under the Fixed Assets Schedule as Leased Assets. The costs transferred to the Fixed Assets schedule are shown as deductions from the costs carried in opening inventory and construction costs incurred during the year. These assets (including Furniture and Fixtures in furnished properties) are depreciated on the written down value method, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. 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 is made to comply with the requirements of Accounting Standard 19 – Leases.

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

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

VI. INVESTMENTS

Investments, being Long Term in nature are held at cost. A provision for diminution is made to recognize decline, other than temporary, in the value of long term investments.

VII. RETIREMENT BENEFITS

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

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

VIII. BORROWING COSTS

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

IX. SHARE ISSUE EXPENSES

Share issue expenses are to be charged first against available balance in the Securities Premium Account. The remaining balance, if any, will be amortized proportionately over a period of five years, commencing from the month in which the shares are allotted.

X. FOREIGN CURRENCY TRANSLATIONS

A. Balances in the form of Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted during the year.

B. Income or expenditure in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

XI. SEGMENT REPORTING

The Company has a single segment namely "Builders and Developers". Therefore the Company's business does not fall under different business segments as defined by AS – 17 – "Segment Reporting" issued by ICAI. Further, the Company's operations are restricted to a single geographical segment.

XII. TAXATION

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

XIII. The results reported for the periods ended 31st March, 2002 to 2006 and for the eight month period ended 30th November, 2006, have been restated for material amounts relating to adjustments for the respective previous years, irrespective of the year / period in which the event triggering the adjustment has occurred.

ANNEXURE - 14

NOTES TO THE CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED

I. A. PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements relate to Akruti Nirman Limited ('the Company') and its subsidiary companies and associates. The Consolidated Financial Statements have been prepared on the following basis :

(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 fully eliminating intra-group balances, intra-group transactions and unrealized profits or losses as per Accounting Standard 21 – Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India.

(ii) Investments in associate companies have been accounted under the equity method as per Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements (AS 23) issued by The Institute of Chartered Accountants of India.

(iii) The excess of the Company's portion of equity of the subsidiaries as at the date of its investment over the cost of its investment is treated as Capital Reserve. The excess of cost of investment over the Company's portion of equity as at the date of investment is treated as Goodwill and it is written off in the year in which it is arises.

(iv) 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.

(v) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.

(vi) Minority interests share of net profit / loss for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.

(vii) Intra-group balances and intra-group transactions and resulting unrealized profits have been eliminated.

(viii) 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.

(ix) The company has an investment in M/s Brainpoint InfoTech Private Limited where the share holding exceeds 51 %. However, as per information provided by the management, the same is in nature of temporary investment and has therefore not been considered as a subsidiary for the purpose of AS 21.

(x) The company has an investment in M/s Gallant InfoTech Private Limited where the share holding exceeds 20 %. However, as per information provided by the management, the same is in nature of temporary investment and has therefore not been considered as an associate for the purpose of AS 23. (This company was a subsidiary for the years ended 31st March, 2002, 2003 and 2004).

(xi) The Company is a venturer / partner in certain joint ventures / partnership firms. The share of profits / losses in these ventures / firms has been considered in the consolidated financial statements for the years ended 31st March, 2002 to 2006. The interest in the joint ventures / partnership firms is acquired and held exclusively in connection with a particular project with the intention of subsequent disposal on completion of the project. Further, the financial statements of these ventures / firms have not been prepared for the period 1st April, 2006 to 30th November, 2006. As a result of the aforesaid reasons, the same could not be considered for consolidation for the said period. However, as per the information provided by the management, the impact on the results of the group is not expected to be material, looking at the operations of the said ventures / firms during the period.

B. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

C. The list of subsidiary companies considered for consolidation, and the Company's holdings as at 30th November, 2006 therein are as under:

Name of the Subsidiaries	***Country of*** incorporation	***Proportion of*** ownership interest
Adhivitiya Properties Pvt. Ltd.	India	53.00%
Agreem Properties Pvt. Ltd.	India	53.16%
Arnav Properties Pvt. Ltd.	India	96.00%
Akulpita Constructions Pvt. Ltd.	India	55.00%
Akruti Centre Point Infotech Pvt. Ltd.	India	53.40%
E-Commerce Solutions Pvt. Ltd.	India	99.99%
Sheshan Housing & Area Development Engineers Pvt. Ltd.	India	100.00%
TDR Properties Pvt. Ltd.	India	99.92%
Vishal Nirman (India) Pvt. Ltd. (*)	India	51.02%
Vishal Teknik (Civil) Pvt. Ltd.	India	99.96%
Vaishanavi Builders & Developers P. Ltd. (**)	India	86.00%

(*) Was associate for the year ended 31st March, 2002
(**) Was associate for the years ended 31st March, 2003, 2004 and 2005.

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

D. The significant associate companies as at 30th November, 2006, considered in the consolidated financial statements are :

Name of the Associate	***Country of*** incorporation	***Proportion of*** ownership interest
DLF Akruti Info Parks (Pune) Ltd.	India	32.99%
Infrastructure Venture (India) Limited	India	33.33%
Mangal Srushti Gruha Nirmiti Ltd.	India	25.00%
Pristine Developers Pvt. Ltd.	India	40.00%

The financial statements of the associate companies used in consolidation have been drawn for the period 1st April, 2006 to 30th November, 2006 on the basis of the books of account which are subject to audit.

E. Details of companies which were either subsidiaries or associates for the years prior to 31st March, 2006

Name of the Company	***Country of***	***Proportion of***

	incorporation	ownership interest
Bisha Repairs and Reconstruction Pvt. Ltd.	India	51.00%
Multilink Infotech Pvt. Ltd.	India	100.00%
Citygold Management Services Pvt. Ltd.	India	24.00%

II. Other Notes:

1. The Company has entered into a Joint Venture with another Company whereby the capital is to be contributed by generating 603,000 Sq.ft of Floor Space Index. As on the date of the balance sheet, the Company has contributed 160,792 Sq.ft Floor Space Index. The balance of Rs. 408.34 Million representing 442,208 Sq.ft Floor Space Index is reflected as "Balance Contribution Outstanding to Joint Ventures" as a reduction under the head "Investments" in the Balance Sheet.

2. Contingent Liabilities (not provided for):

			(Rs. in Million)
Sr. No.	**Particulars**		**As at 30-11-2006**
(A)	Claims against the Company, not acknowledged as debts on account of:-		
	1.	Reassessment proceedings under the Income-tax Act, 1961, to be commenced in pursuance of search and seizure operations conducted during the period.	Amount not ascertainable at present
	2.	Demand notice issued by Brihanmumbai Municipal Corporation for Land Under Construction charges (property tax).	29.84
	3.	Petition filed against the Company, under the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971, in relation to a Project.	5.00
(B)	On account of corporate guarantee issued by the Company to a Banker on behalf of another company for facilities availed by the latter (amount outstanding as at 30-11-2006).		26.42
(C)	A Public Interest Litigation was pending against the Company, under Development Control Regulations / Coastal Regulation Zone, in relation to a Project. However, the Company has received a favourable order after the Balance Sheet date.		

Notes:

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

b. 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.

c. As per the audited financial statements, there were no contingent liabilities as at 31st March, 2005, 2004, 2003 and 2002. The contingent liabilities as at 31st March, 2006 were as follows:-

1.	Income Tax matters under appeal.	5.85
2.	Demand notice issued by Brihanmumbai Municipal Corporation for Land Under Construction charges (property tax).	28.32

On account of corporate guarantee given.		15.00

3. Sundry Creditors, Sundry Debtors and Loans and Advances include some items for which confirmations are yet to be received. Hence the balances under the above heads are as per the Books of Account and subject to reconciliation and adjustment, if any.

4. The transactions in respect of premises given under operating lease

	(Rs. in Million) As at 30-11-2006
Lease rentals receivable not later than one year	127.51
Later than one year but not later than five years	161.69
Later than five years	-
Lease rental received during the period recognized in Profit & Loss Account for the period	90.94

5. Estimated amount of contracts remaining to be executed on capital account, as at 30th November, 2006 not provided for (net of advances) Rs.8.16 Million.

6. Details of contracts in progress as at 30th November, 2006, for which income has been accounted as per percentage of completion method:

	(Rs. in Million)
Revenue recognized	204.29
Costs incurred	131.53
Advances received	17.31

7. During the year under consideration, project at the junction of LBS marg and Pokhran Road No 1, village Panchpakhadi Tal & Dist. Thane has been taken over by a joint venture, AkrutiSMC Joint Venture, in which a subsidiary company is a co-venturer. Costs incurred on the above project have been transferred as contribution made to the joint venture.

8. Adjustments relating to changes in accounting policies and estimates:

a. **Depreciation:**
The Company has, upto the accounting year ended 31st March, 2005, provided depreciation in the manner and at the rates prescribed under Income Tax Rules for depreciating Fixed Assets. With effect from 1st April, 2005, depreciation is provided on the Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. To bring uniformity, depreciation has been restated to reflect the impact of changes in the respective accounting years.

b. **Income Tax for previous years:**
The Company records for the difference in the Income Tax, whether short or excess in the year of completion of assessment made by the Income Tax Authorities. Accordingly, the effect of such excess / short taxes has been adjusted to the period to which the tax related.

c. **Deferred Taxes:**
The Company has, for the first time in the year ended 31st March, 2006 accounted for deferred taxes as per Accounting Standard (AS – 22) – "Accounting for Taxes on Income" which became effective from 1st April, 2002 to the Company. The effect of deferred tax has been given in the respective accounting years commencing from 1st April, 2002. The cumulative effect of deferred tax upto 31st March, 2002 has been adjusted to Reserves.

d. **Excess provision written back:**
The Company has, written back to the Profit and Loss Account provisions and accruals made on estimates which had been provided for in the earlier years but are no longer considered

payable. The effect of these write backs has been considered in the respective years in which these accruals were originally recorded.

e. **Revenue recognition for sale of incomplete properties**

In response to the Guidance Note on Recognition of Revenue by Real Estate Developers issued during May, 2006, by the Council of the Institute of Chartered Accountants of India, the Company has adopted the percentage of completion method of revenue recognition with effect from April 1, 2006. This method is applicable to properties intended for sale which are under construction as of the reporting date. The Company has not given retrospective effect to this change in accounting policy, because such retrospective effect would have required the Company to identify all incomplete contracts that fulfilled the conditions specified in the Guidance Note on each of the reporting dates and to determine the stage of completion for all such contracts on each such reporting date. Since during those periods the completed building project method of revenue recognition was adopted, the records required for such an exercise are unavailable and an attempt to recast the prior period financial statements would have been highly subjective and difficult to substantiate and hence not possible. As a result, periods prior to 1st April, 2006 have not been restated to reflect change in the revenue recognition policy. The comparative figures indicating the above referred change, for the period ended 30th November, 2006 are given below:

(Rs. in Million)

Particulars	Percentage of completion method		Completed building project method	
Sales and other operating income		726.48		522.19
Other income		14.36		14.36
Total Income		**740.84**		**536.55**
Purchase of TDR for Trade	33.60		33.60	
Less: Closing Inventory of TDR for Trade	33.60		33.60	
Net Purchase		-		-
Cost of construction		233.24		101.71
Employment costs		36.33		36.33
Administrative, Selling and General expenses		119.69		119.69
Interest and Finance charges		129.98		129.98
Depreciation		41.39		41.39
Total Expenditure		**560.63**		**429.10**
Profit before tax		**180.21**		**107.45**
Provision for Taxation		27.59		19.29
Profit after tax		**152.62**		**88.16**

As per our report of even date

For and on behalf of the Board

For and on behalf of
DALAL & SHAH
Chartered Accountants

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

HEMANT SHAH
Chairman

SHISHIR DALAL
Partner
Membership No. 37310

VIRAL DOSHI
Proprietor
Membership No. 105330

VYOMESH SHAH
Managing Director

CHETAN MODY
Company Secretary
Membership No. 2196

MUMBAI:

ANNEXURE 15

CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

Sr. No.	Particulars	For the period ended 30th November, 2006	For the year ended 31st March				
			2006	**2005**	**2004**	**2003**	**2002**
1	**EARNING PER SHARE (EPS)**						
	Net Profit after Exceptional Items (Rs. In million)	145.57	633.09	131.90	81.83	127.03	142.78
	Weighted Average Number of Equity shares (*)	60,000,000	44,657,534	40,000,000	40,000,000	40,000,000	40,000,000
	EPS Basic / Diluted (Rs.)	**2.43**	**14.18**	**3.30**	**2.05**	**3.18**	**3.57**
2	**NET ASSETS VALUE (NAV)**						
	Net Assets (Rs. in Million)	1,195.95	1,072.81	512.25	422.84	363.55	259.06
	Weighted Average Number of Equity shares (*)	60,000,000	44,657,534	40,000,000	40,000,000	40,000,000	40,000,000
	NAV per share (Rs.)	**19.93**	**24.02**	**12.81**	**10.57**	**9.09**	**6.48**
3	RETURN ON NET WORTH						
	Net Profit after Exceptional Items (Rs. in Million)	145.56	633.09	131.90	81.83	127.03	142.78
	Net Worth (Rs. in Million)	1,195.95	1,072.81	512.25	422.84	363.55	259.06
	Return on Net Worth (%)	**12.17**	**59.01**	**25.75**	**19.35**	**34.94**	**55.12**

(*) Adjusted for Bonus/Right Issue in subsequent periods

Definition of Ratios :

1. Earning per Equity Share :- Adjusted Net Profit after Tax / Weighted Average Number of Equity Shares

2. Net Assets Value :- Adjusted Net Assets / Weighted Average Number of Equity Shares

3. Return on Net Worth :- Adjusted Net Profit After Tax / Adjusted Equity Share holders Fund *100

ANNEXURE – 16

STATEMENT OF CONSOLIDATED CAPITALISATION

(Rs. in Million)

Particulars	**For the period ended 30th November, 2006**	**Adjusted for present issue**
Borrowings:		
Short Term Debts	3667.56	
Long Term Debts	1084.42	
Total Debts	**4751.98**	
Shareholders Funds:		
Share Capital	600.00	
Reserves & Surplus	627.62	
	1227.62	
Less: Miscellaneous Expenditure (To the extent not Written off)	31.67	
Total Shareholders Funds	**1195.95**	
Long Term Debt / Equity ratio	**0.91**	

Notes :

1. Debts maturing within one year from 30th November, 2006 are considered as short term debts

2. Share Capital and Reserves (Post Issue) can be calculated only on finalisation of the Issue Price.

ANNEXURE – 17

CONSOLIDATED STATEMENT OF RELATED PARTY DISCLOSURE

1. The company has identified following Related Party for the Year Ended 31st March, 2002 to 30th November, 2006.

A. SUBSIDIARY COMPANIES

Brainpoint Infotech Private Limited

B. ASSOCIATE COMPANIES AND JOINT VENTURES / PARTNERSHIP FIRMS

Citygold Mangement Services Pvt. Ltd. (CGMS)
Gallant Infotech Private Limited
DLF Akruti Info Park (Pune) Ltd.
Mangal Shrusti Gruh Nirmiti Ltd.
Pristine Developers Pvt. Ltd.
Infrastructure Venture India Ltd. (IVIL)
Niharika Shopping Mall Joint Venture
Hiranandani Akruti JV
Mount Mary JV
Akruti GM JV
Akruti SMC JV
Akruti Steelfab Corporation (firm)
Aarti Projects & Constructions (firm)
Pristine Developers (firm)
Suraksha Realtors (firm)

C. (I) KEY MANAGEMENT PERSONNEL

Mr. Hemant Shah (Chairman, Whole-time Director)
Mr. Vyomesh Shah (Managing Director)
Mr. Madhukar Chobe (Whole-time Director)
Mr. Digant D. Parekh (Whole-time Director)

(II) RELATIVES OF KEY MANAGEMENT PERSONNEL AND THEIR ENTERPRISES, WHERE TRANSACTION HAVE TAKEN PLACE.

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

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

(13)

II. Transaction undertaken with related parties:

Particulars	For the Period 1st April, 2006 to 30th November, 2006	For the Year ended 31st March,				
		2006	2005	2004	2003	2002
A. Transactions with subsidiary Companies						
Service availed / received	6.13	-	-	-	-	-

B. Balance at the year end						
Receivable	-	-	-	-	-	-
Payable	2.10	-	-	-	-	-
Investment	0.44	-	-	-	-	-
Transactions with						
Associated Companies/Joint venture/ Partnership firms						
A. Transaction during the year						
Loans / Advances Received/Recovered	70.85	870.70	99.39	11.20	4.27	2.03
Loans / Advances given / Repaid	105.81	233.52	152.37	54.71	0.28	3.67
Interest received	2.34	2.60	0.01	-	-	-
Rent received	-	-	4.39	3.29	-	-
Services availed	0.93	-	32.80	20.48	17.12	16.74
Purchase of TDR/FSI	-	84.25	-	-	-	-
Sale of TDR/FSI	-	347.38	-	-	-	-
Deposits received	-	-	-	0.95	-	-
B. Balances at the end of the year						
Receivable	119.77	-	0.15	8.73	-	-
Investment	267.65	123.56	0.55	0.05	0.05	0.05
Payable	0.21	83.00	33.22	3.25	2.96	5.69
Creditors	-	-	13.26	-	0.40	0.25
Intercorporate Deposit	-	-	0.95	0.95	-	-
Transaction between JV and Associate						
A. Transaction during the year						
Loans/Advances Received/Recovered	0.15	10.00	-	-	-	-
Loans/Advances given/Repaid	0.15	10.00	-	-	-	-
Purchase of TDR/FSI	25.05	-	-	-	-	-
Services availed	-	3.46	7.13	-	-	-
B. Balances at the year end						
Receivable	-	-	-	-	-	-
Payable	-	-	-	-	-	-
Investment	-	-	-	-	-	-
Key Management Personal and Relatives						
A. Transaction during the year						
Loans / Advances Received / Recovered	53.44	35.86	33.21	18.23	22.85	18.53
Loans / Advances given / Repaid	57.27	81.84	50.23	21.29	20.13	17.49
Interest Paid	-	0.57	2.65	3.13	2.75	1.90
Remuneration Paid	8.78	7.20	4.50	4.50	0.30	0.30
Directors sitting Fee	0.10	-	-	-	-	-
Sale of Flat/FSI	3.78	-	-	-	-	-
B. Balances at the year end						
Receivable	-	0.38	39.85	71.21	51.15	35.70
Payable	-	-	0.01	-	-	-

Note:
The list of related parties and transactions entered into with them upto year ended 31st March, 2006 have been compiled by the Management for the purpose of the proposed Initial Public Offer. The Auditors have not performed any procedure to determine whether they are accurate or complete.

DALAL & SHAH **Chartered Accountants** 'The Regency' Office No. 11 & 12, 1st Floor, National Library Road, Bandra (West) **MUMBAI – 400 050** Phone : 2651 4960 / 2651 3540	**VIRAL D. DOSHI & CO.** Chartered Accountants 203, Sharda Chambers No. 1 31, Keshavji Naik Road Narsi Natha Street **MUMBAI – 400 009** Phone : 5631 4019 / 2377 5381

REPORT OF THE AUDITORS ON FINANCIAL INFORMATION

The Board of Directors
Akruti Nirman Limited
Akruti Trade Centre,
Road No.7, Marol
M.I.D.C., Andheri (East),
MUMBAI - 400 093.

Dear Sirs,

We M/s Dalal & Shah, Chartered Accountants ("D&S") and Viral D. Doshi &Co., Chartered Accountants ("VD"), joint auditors of **AKRUTI NIRMAN LIMITED** hereinafter referred to as 'the Company' have examined the financial information contained in the statements annexed to this report, which are proposed to be included in the Red Herring Prospectus in connection with the proposed Initial Public Offer ("IPO") of Equity Shares of the Company.

In terms of the requirements of :

a. paragraph B (1) of Part – II of Schedule II to the Companies Act, 1956;

b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000, in pursuance of Section 11 of Security and Exchange Board of India Act (SEBI), 1992, 'the SEBI Guidelines", and related amendments and

c. the terms of reference dated 10th May 2006, received from the Company, requesting us to carry out work in connection with the Offer Document being issued by the Company in relation to its proposed IPO of Equity Shares,

the financial information has been prepared by the Company and approved by the Board of Directors.

I. Financial Information as per audited financial Statements:

We have examined the attached restated 'Summary Statement of Assets and Liabilities', of the Company as at 30th November, 2006 and 31st March, 2006, 2005, 2004, 2003 and 2002 (Annexure – 1) and the attached restated 'Summary Statement of Profits and Losses', for the eight months ended 30th November, 2006 and the five financial years ended 31st March, 2006, 2005, 2004, 2003 and 2002 (Annexure – 2) and the attached restated 'Statement of Cash Flows' for the eight months ended 30th November, 2006 and the five financial years ended 31st March , 2006, 2005, 2004, 2003 and 2002 (Annexure – 3), together referred to as 'Restated Summary Statements', as prepared by the Company and approved by the Board of Directors. These Restated Summary Statements have been extracted from the financial statements for, the eight months ended 30th November, 2006 audited jointly by D&S and VD, for the financial years ended 31st March 2006 and 2005 audited by Viral D. Doshi & Co. Chartered Accountants and for the financial years ended 31st March 2004, 2003 and 2002 audited by Kamal Matalia & Co., Chartered Accountants, being the auditors for those years and were adopted by the Board of Directors for all the aforesaid periods and also by the Members for the financial years ended 31st March, 2006, 2005, 2004, 2003 and 2002.

D&S did not carry out any validation tests or review procedures on the financial statements for the years ended 31st March, 2006, 2005, 2004, 2003 and 2002, since they have not carried out any audit of those financial years.

We report as under :-

(i) We have audited the adjustments referred to in Annexure 14 and confirm the correctness of the retrospective adjustments and the impact of those adjustments in the Restated Summary Consolidated Statements as per the SEBI Guidelines;

(ii) The Restated Summary Statements, reflect the assets and liabilities, profits and losses and cash flows extracted from the Balance Sheets, Profit and Loss Accounts and Cash Flow Statement for those years, and after making such adjustments, regrouping and disclosures as were, in our opinion, appropriate and required to be made, the same are in accordance with Clause (b) of paragraph 6.10.2.7 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000, in pursuance of Section 11 of SEBI Act,1992, "the SEBI Guidelines" and related amendments;

(iii) In our opinion, the financial information read together with the Significant Accounting Policies (Annexure – 13), particularly Note 10 (e) and with the other Notes (Annexure- 14) thereon and after making such adjustments regroupings and disclosures as were, in our opinion, considered appropriate and required, have been prepared in accordance with Part – II of Schedule II of the Companies Act, 1956, and the SEBI Guidelines and related amendments.

II. Other Financial Information:

We have examined the following information relating to the Company, extracted from the financial statements for the eight months ended 30th November, 2006 audited jointly by D&S and VD, for the financial years ended 31st March 2006 and 2005 audited by Viral D. Doshi & Co. Chartered Accountants and for the financial years ended 31st March 2004, 2003 and 2002 audited by Kamal Matalia & Co., Chartered Accountants, being the auditors for those years, proposed to be included in the Red Herring Prospectus, as approved by the Board of Directors and annexed to this report :-

i) Statement of Restated Secured Loans (Annexure - 4)

ii) Statement of Restated Unsecured Loans (Annexure - 5)

iii) Statement of Restated Investments (Annexure - 6)

iv) Statement of Restated Sundry Debtors (Annexure - 7)

v) Statement of Restated Loans and Advances (Annexure - 8)

vi) Statement of Restated Sales and Operating Income (Annexure - 9)

vii) Statement of Restated Other Income (Annexure - 10)

viii) Statement of Restated Cost of Construction (Annexure - 11)

ix) Statement of Restated Administrative expenses (Annexure - 12)

x) Statement of Dividend paid (Annexure - 15)

xi) Statement of Restated Accounting Ratios (Annexure - 16)

xii) Statement of Capitalisation (Annexure - 17)

xiii) Statement of Tax Shelter (Annexure – 18)

xiv) Statement of Related Party Disclosures (Annexure – 19). However in respect of the information relating to the list of Related Parties and transactions entered into with them during the financial years ended 31st March 2006, 2005, 2004, 2003 and 2002 as compiled by the Company, we have not performed any validation checks or review procedures in order to determine whether the same is accurate or complete.

We have accepted the relevant financial information of the 15 Subsidiaries for the eight months period ended 30th November, 2006 and the five financial years (Annexure-20–'I' to 'XV') which have been audited and reported upon by the respective auditors of the subsidiaries. We did not carry out any validation tests or review procedures on these financial information since we did not perform any audit of these Subsidiaries.

This report should not in any way be construed to be a re-issuance or re-dating of any of the previous audit report by other firms of Chartered Accountants nor should it be construed to be a new opinion on any of the financial statements referred to herein.

This Report is being provided solely for the use of Akruti Nirman Limited, for the purpose of inclusion in the said Red Herring Prospectus in connection with the proposed IPO of the Equity Shares of the Company.

This Report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instance and which consent may be given only after full consideration of the circumstances at that time.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.37310

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

VIRAL DOSHI
Proprietor
Membership No.105330

MUMBAI: 2nd January, 2007

ANNEXURE - 1

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Million)

	Particulars	As at 30th November, 2006	As at 31st March				
			2006	2005	2004	2003	2002
A	**Fixed Assets:**						
	Gross Block	994.25	1019.04	868.82	749.95	137.94	148.44
	Less: Depreciation	157.16	160.56	116.92	46.68	17.87	10.64
	Net Block	**837.09**	**858.48**	**751.90**	**703.27**	**120.07**	**137.80**
B	Capital Work in Progress	27.03	**-**	**-**	**-**	**-**	**-**
C	Investments	**186.46**	**197.78**	**74.92**	**68.34**	**19.11**	**23.71**
D	Current Assets, Loans and Advances						
	Inventories	1485.56	973.43	1218.15	927.35	1128.43	829.00
	Less:* Revaluation *Reserve	-	-	-	2.57	2.57	7.02
		1485.56	973.43	1218.15	924.78	1125.86	821.98
	Sundry Debtors	58.40	24.72	40.24	24.80	34.73	26.30
	Cash and Bank Balances	706.54	51.55	199.51	63.29	9.92	1.62
	Loans and Advances	956.50	382.80	249.12	252.83	166.82	155.43
	Other Current Assets	**-**	**-**	**-**	**-**	0.10	0.06
		3207.00	**1432.50**	**1707.02**	**1265.70**	**1337.43**	**1005.39**
E	Liabilities and Provisions						
	Secured Loans	2544.43	841.15	1351.64	1172.24	710.70	629.05
	Unsecured Loans	17.50	3.81	107.27	90.40	51.28	43.21
	Current Liabilities and Provisions	521.98	569.92	556.18	351.12	353.07	237.25
		3083.91	**1414.88**	**2015.09**	**1613.76**	**1115.05**	**909.51**
F	Deferred Tax Liability	**2.45**	**6.35**	**9.14**	**0.45**	**0.29**	-
G	Net Worth (A+B+C+D-E-F)	**1171.22**	**1067.53**	**509.61**	**423.10**	**361.27**	**257.39**
H	**Represented by**						
	1. Share Capital	600.00	480.00	20.00	20.00	20.00	5.00
	2. Reserves	602.88	587.53	489.61	405.67	343.84	259.41
	Less : Revaluation Reserve	**-**	**-**	**-**	2.57	2.57	7.02
		602.88	**587.53**	**489.61**	**403.10**	**341.27**	**252.39**
		1202.88	**1067.53**	**509.61**	**423.10**	**361.27**	**257.39**
	3. Less : Miscellaneous Expenditure	31.66	-	-	-	-	-
I	Net Worth (H1 +H2-H3)	**1171.22**	**1067.53**	**509.61**	**423.10**	**361.27**	**257.39**

As per our report of even date

For and on Behalf of the Board

For and on Behalf of	For and on Behalf of		
DALAL & SHAH	**VIRAL D. DOSHI & CO.**	**HEMANT SHAH**	
Chartered Accountants	Chartered Accountants	Chairman	
SHISHIR DALAL	**VIRAL DOSHI**	**CHETAN MODY**	**VYOMESH SHAH**
Partner	Proprietor	Company Secretary	Managing Director
Membership No : 37310	Membership No : 105330	Membership No : 2196	

Mumbai: 2nd January, 2007

ANNEXURE - 2

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in Million)

Particulars	**For the period 1st April, 2006 to 30th November, 2006**	**For the year ended 31st March**				
		2006	**2005**	**2004**	**2003**	**2002**
Income						
Sales and Income from operations	614.33	1994.04	650.93	391.36	516.83	397.47
Other Income	24.81	20.97	6.85	23.11	28.40	11.09
Total Income	**639.14**	**2015.01**	**657.78**	**414.47**	**545.23**	**408.56**
Expenditure						
Purchase of Transferable Development (TDR) for trade	33.60					
Less: Inventory of TDR purchased for trade	(33.60)	-	-	-	-	-
	-					
Cost of Construction	164.52	1189.68	309.98	177.13	342.31	198.80
Employment Cost	36.16	12.91	4.50	4.50	0.30	0.30
Administrative, Selling and General Expenses	117.30	36.51	24.06	46.72	16.80	13.91
Interest and Finance Charges	129.85	67.02	99.20	65.77	40.02	32.62
Depreciation	41.06	47.75	70.41	28.90	7.34	8.36
Total Expenditure	**488.89**	**1353.87**	**508.15**	**323.02**	**406.77**	**253.99**
Net Profit before tax	**150.25**	**661.14**	**149.63**	**91.45**	**138.46**	**154.57**
Current Tax	17.00	32.72	11.75	6.91	11.74	12.03
Deferred Tax Charge / (Credit)	(3.90)	(2.79)	8.69	0.17	0.13	-
Fringe Benefit Tax	1.80	0.53	**-**	**-**	**-**	**-**
Net Profit after tax	**135.35**	**630.68**	**129.19**	**84.37**	**126.59**	**142.54**

As per our report of even date

For and on Behalf of the Board

For and on Behalf of
DALAL & SHAH
Chartered Accountants

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

HEMANT SHAH
Chairman

SHISHIR DALAL
Partner
Membership No : 37310

VIRAL DOSHI
Proprietor
Membership No : 105330

CHETAN MODY
Company Secretary
Membership No : 2196

VYOMESH SHAH
Managing Director

Mumbai:2nd January, 2007

ANNEXURE - 3

STATEMENT OF CASH FLOWS, AS RESTATED

(Rs. In (Million)

Particulars	**For the period 1st April, 2006 to 30th November,2006**	**For the year ended 31st March**				
		2006	**2005**	**2004**	**2003**	**2002**
I Cash flow arising from Operating Activities ;						
Net Profit before tax as per Profit and Loss Account	**150.25**	**661.14**	**149.63**	**91.45**	**138.46**	**154.57**
Add / (Deduct) :						
Interest & Finance Charges	129.85	67.02	99.20	65.77	40.02	32.62
Depreciation	41.06	47.75	70.41	28.90	7.34	8.36
(Profit) / Loss on Sale of Fixed Assets	-	0.20	-	(2.34)	(27.02)	0.00
Interest Income	(21.74)	(18.59)	(3.80)	(4.00)	(27.00)	(11.04)
Operating Profit before Working Capital Changes	299.42	757.52	315.44	179.78	131.80	184.51
Working Capital Adjustment :						
(Increase)/ Decrease in inventory	(512.13)	244.72	(290.80)	201.07	(303.88)	(224.14)
(Increase)/ Decrease in other Current Assets	(317.30)	-	-	0.10	(0.05)	(0.05)
(Increase)/ Decrease in Sundry Debtors	(33.68)	15.52	(15.44)	9.93	(8.42)	0.31
(Increase)/ (Decrease) in Current Liabilities	10.63	(23.45)	182.39	(1.95)	103.26	(44.95)
Income Tax Paid	(64.26)	(12.48)	(27.98)	(16.53)	(13.62)	(14.20)
	(916.74)	224.31	(151.83)	192.62	(222.71)	(283.03)
Net Cash inflow / (outflow) in the course of Operating Activities	**(617.32)**	**981.83**	**163.61**	**372.40**	**(90.91)**	**(98.52)**
II Cash flow arising from Investing Activities						
Inflow / (Outflow) on account of:						
Interest Income	21.74	18.59	3.80	4.00	27.00	11.04
Fixed Assets (Net)	(46.69)	(155.20)	(119.05)	(609.76)	37.43	(125.83)
Investments (Net)	11.32	(122.86)	(6.58)	(49.23)	4.61	124.28
(Increase) / Decrease in Loans & Advances	(509.44)	(154.13)	19.93	(76.39)	(9.52)	(16.49)
Net Cash inflow/(outflow) in the course of Investing Activities	**(523.07)**	**(413.60)**	**(101.90)**	**(731.38)**	**59.52**	**(7.00)**
III Cash flow arising from Financing Activities						
Inflow / (outflow) on account of :						
Proceeds from issue of Shares	-	10.00	-	-	-	-

Increase / (Decrease) in Secured Loan	1704.34	(505.72)	176.88	493.96	60.99	125.41
Increase / (Decrease) in Unsecured Loan	13.69	(103.46)	16.87	39.13	8.06	19.09
Interest & Finance Charges	(126.19)	(71.78)	(96.68)	(98.18)	(19.36)	(60.60)
Dividend Paid	(72.00)	(40.00)	(20.00)	(20.00)	(10.00)	(10.00)
Tax on Dividend	(10.10)	(5.23)	(2.56)	(2.56)	-	(1.02)
Share Issue Expenses	(31.66)	-	-	-	-	-
Net Cash inflow / (outflow) in the course of Financing Activities	**1478.08**	**(716.19)**	**74.51**	**412.35**	**39.69**	**72.88**
Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)	**337.69**	**(147.96)**	**136.22**	**53.37**	**8.30**	**(32.64)**
Add : Cash and Cash Equivalents at the beginning of the year / period	51.55	199.51	63.29	9.92	1.62	34.26
Cash and cash Equivalents at the end of the year / period	**389.24**	**51.55**	**199.51**	**63.29**	**9.92**	**1.62**
Reconciliation of Cash and Bank Balances :						
Cash and Bank Balances	706.54	51.55	199.51	63.29	9.92	1.62
Less :						
- Margin Money Balances	(17.30)	-	-	-	-	-
- Fixed Deposit pledged towards Bank Overdraft Facility	(300.00)	-	-	-	-	-
Cash and Cash Equivalent at the end of the period	**389.24**	**51.55**	**199.51**	**63.29**	**9.92**	**1.62**

As per our report of even date

For and on Behalf of the Board

For and on Behalf of
DALAL & SHAH
Chartered Accountants

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

HEMANT SHAH
Chairman

SHISHIR DALAL
Partner
Membership No : 37310

VIRAL DOSHI
Proprietor
Membership No : 105330

CHETAN MODY
Company Secretary
Membership No : 2196

VYOMESH SHAH
Managing Director

Mumbai: 2nd January, 2007

ANNEXURE - 4

STATEMENT OF SECURED LOANS, AS RESTATED

(Rs. in Million)

Particulars	As at 30th November 2006	As at 31st March				
		2006	2005	2004	2003	2002
A) Debentures :						
LIC Mutual Fund	1000.00	-	-	-	-	-
Mortgage of property, yet to be created						
B) Loans from :						
I. Banks						
i) Canara Bank	160.01	109.71	185.00	90.00	-	-
a) Overdraft limit against hypothecation of goods/material received against guarantee issued towards job work / conversion / advances / supplier credits.						
b) Collateral : Extension of charge over immovable properties already charged to bank under current loans with market value of Rs. 7596.93 lacs. Present residual value of Rs. 2865.26 lacs.						
c) Registered Mortgage of proposed commercial construction at CTS No. 2/839, Malabar Hill Division 'D' Bhulabhai Desai Road, Mumbai with saleable area of Approx. 20139 sq.ft..						
d) Collateral Security : Commercial premises saleable area of 16000 sq.ft. in Akruti Trade Cenre and two residential flat each with area of 1002 sq.ft. in Akruti Astha at Walkeshwar Mumbai (with car parking space) one of which is owned jointly by a subsidiary company and a relative of the Director of the Company.						

ii) Bank of Baroda	-	97.59	70.00	15.00	-	-
iii) Union Bank of India	300.00	250.00	215.00	125.00	-	-
Secured against Fixed Deposits placed with the Bank.						
iv) ICICI Bank Ltd.					148.50	50.00
v) Bank of India	-	-	52.50	-	-	-
vi) State Bank of India	83.39	-	-	-	-	
Equitable mortgage of commercial land and building at plot No. 5, Road no. 7, MIDC, central Road, Andheri (E), Mumbai		-	-	-	-	-
vii) Bank of India	52.39	66.62	92.65	-		-
Secured by way of immovable property i.e unit no. 601 on 6th floor, admeasuring 31,997 sq.ft. chargeable area of Akruti Trade Centre, MIDC, Andheri (E)m Mumbai & Hypothecation of all movables, furniture, A/c plant – etc. on 6th floor of Akruti Trade Centre.						
viii) ICICI Bank Ltd (Car Loan)	1.00	1.22	1.53	-	0.07	0.16
Secured by hypothecation of vehicle						
ix) HDFC Bank Ltd (Car Loan)	2.39	3.07	3.91	4.75	-	-
Secured by Hypothecation of Vehicles						
x) Working Capital loan from Canara Bank	-	1.13	12.99	3.83	-	-

xi) ABN Amro Bank	-	-	-	-	0.04	0.20
xii) Interest Accrued and due on above	-	-	4.77	1.90	0.57	0.70
Total BI (i to xii)	**599.18**	**529.34**	**638.35**	**240.48**	**149.18**	**51.06**

Particulars	**As at 30th November 2006**	**As at 31st March**				
		2006	**2005**	**2004**	**2003**	**2002**
II) FROM OTHERS						
i) Shivshahi Punarvasan Prakalp Ltd.	-	-	-	38.31	269.83	281.52
ii) HDFC Ltd.	330.08	-	-	-	110.00	110.00
Akruti Elegance B Wing, Akruti Erica, Akruti Orion & Akruti Nova B Wing, Akruti Atria B Wing (unsold Area) & Voltas Property situated at Thane		-	-	-	-	-
iii) Kotak Mahindra Finance Ltd	-	-	9.48	19.05	26.08	32.38
iv) HDFC Ltd.	-	-	-	50.03	27.57	57.70
v) GE Countrywide Consumer Financial Services Ltd	-	-	-	0.02	0.20	0.33
vi) Kotak Mahindra Primus Ltd	0.37	-	-	-	-	
Secured by Hypothecation of vehicles						
vii) From others	-	-	-	31.31	13.87	-

viii)Interest Accrued and due on above	**-**	**-**	**-**	**-**	33.70	13.05
Total BII (i to viii)	**330.45**	**-**	**9.48**	**138.72**	**481.25**	**494.98**
C) Loans against future Lease Rentals:						
i) **Canara Bank**	90.15	100.76	472.50	553.58	42.00	-
a) 18206 sq ft area on 5th floor at Akruti Trade Centre (Goldshield Service Pvt Ltd)						
b) 11279 sq ft area on 2nd Floor at Akruti Trade Centre (Kale consultant)						
c) 15980 sq ft area on 3rd floor in Akruti Softech Park (Atos orgin)						
ii) Corporation Bank	124.13	131.22	-	-	-	-
a) Unit No 203, 2nd floor Akruti Trade Centre Area of 9300 Sq. ft. (Kale Consultant)						
b) Unit No.102, 1st Floor Akruti Trade Centre Area of 11553 Sq.ft. (Goldshield Service Pvt. Ltd.)						
c) Unit No 201/A area 1575 Sq.ft. and Unit No 201/B area 6225 Sq.ft. to Kale Consultants Ltd. & Unit No 101 area 16192 Sq. ft. to Goldshield Services Pvt. Ltd.						
iii) Punjab National Bank	146.52	79.83	87.83	92.55	-	-
a) 14260 Sq.ft. area on 5th floor of Akruti Trade Centre. (Goldshield Services Pvt. Ltd.)						
b) 13754 Sq.ft. area on 4th floor of Akruti Trade Centre. (APL India Pvt. Ltd.)						
c) Unit No.301, 3rd floor, Akruti Centre Point to Infrasoft Technologies Ltd.						
iv) Union Bank of India	254.00	-	-	-	-	-
55828 sq.ft. area, of Akruti Centre Point (Value Electronic Ltd., Woolworth Ltd., 3i Infotech, BNP Paribas)						
v) ICICI Bank Ltd	**-**	**-**	**-**	**-**	27.87	67.75
vi) Janakalyan Sahakari Bank Ltd	**-**	**-**	**-**	**-**	10	15
vii) Corporation Bank	**-**	**-**	143.48	146.55	**-**	**-**

viii) Interest Accrued and due on above	**-**	**-**	**-**	0.36	0.40	0.26
Total CI (i to viii)	**614.80**	**311.81**	**703.81**	**793.04**	**80.27**	**83.01**
Grand Total (A + B + C)	**2544.43**	**841.15**	**1351.64**	**1172.24**	**710.70**	**629.05**

Note: Description of security has been given in respect of facility having balances outstanding as at 30th November, 2006

ANNEXURE – 5

A. STATEMENT OF UNSECURED LOANS, AS RESTATED

(Rs. in Million)

Particulars	As at 30th November, 2006	For the year ended 31st March				
		2006	**2005**	**2004**	**2003**	**2002**
Loans From:-						
Directors	-	-	-	13.95	3.10	4.38
Shareholder (other than Directors)	-	-	36.85	25.94	33.89	29.67
Group Companies	17.02	3.48	16.31	29.53	7.24	-
Other Corporate Bodies	0.48	0.33	54.11	20.98	7.05	9.16
Total	**17.50**	**3.81**	**107.27**	**90.40**	**51.28**	**43.21**

B. TERMS OF UNSECURED LOANS

(Rs. in Million)

Particulars	As at 30th November, 2006	Due Date for Repayment	Rate of Interest
From Group Companies			
Vishal Tekniks (Civil) Pvt. Ltd.	17.02	Payable on Demand	12%
	17.02		
From Others			
Chitwan Ispat Pvt. Ltd.	0.48	Payable on Demand	Interest Free
	0.48		
Total	**17.50**		

ANNEXURE – 6

STATEMENT OF INVESTMENT, AS RESTATED

(Rs. in Million)

Particulars	**As at 30th November, 2006**	**For the year ended 31st March**				
		2006	**2005**	**2004**	**2003**	**2002**
Unquoted Investments						
In Promoter Group Companies	6.68	6.33	3.97	3.99	3.27	1.84
In Associate Companies	19.80	19.82	0.60	0.05	0.05	0.07
Others	568.32	579.97	70.35	64.30	15.79	21.80
Less : Balance contribution outstanding to a Joint Venture	408.34	408.34	-	-	-	-
Total	**186.46**	**197.78**	**74.92**	**68.34**	**19.11**	**23.71**

Notes :	
1. Promoters Vyomesh Shah Hemant Shah 2. Associate Companies Citygold Management Services Pvt. Ltd. (CGMS) DLF Akruti Infoparks Pvt. Ltd. Gallent Infotech Pvt. Ltd. Infrastructure Venture India Ltd. Pristine Developers Pvt. Ltd. Mangal Shrusti Gruha Nirmiti Pvt.Ltd.	3. Promoter Group Companies (Subsidiaries) : Adhivitya Properties Pvt. Ltd. Agreem Properties Pvt. Ltd. Arnav Properties Pvt. Ltd. Akulpita Constructions Pvt. Ltd. Akruti Centre Point Infotech Pvt. Ltd. Brainpoint Infotech Pvt. Ltd. E-commerce Solutions Pvt. Ltd. Sheshan Housing Area Developers Pvt. Ltd. TDR Properties Pvt. Ltd. Vishal Nirman Pvt. Ltd. Vishal Tekniks (Civil) Pvt. Ltd. Vaishnavi Builders & Developers Pvt. Ltd.

4. The list of entities classified as 'Promoter', 'Associate Companies' and 'Promoter Group Companies' is determined by the management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether this list is accurate or complete.

5. The figures disclosed above are best on the standalone restated financial statements of Akruti Nirman Limited.

ANNEXURE – 7

STATEMENT OF SUNDRY DEBTORS, AS RESTATED

(Rs. in Million)

Particulars	As at 30th November 2006	As at 31st March				
		2006	**2005**	**2004**	**2003**	**2002**
Debt outstanding for the period exceeding 6 months	3.72	15.04	15.09	16.54	16.91	19.95
Other Debts	54.68	9.68	25.15	8.26	17.82	6.35
Total	**58.40**	**24.72**	**40.24**	**24.80**	**34.73**	**26.30**

ANNEXURE - 8

STATEMENT OF LOANS & ADVANCES, AS RESTATED

(Rs. in Million)

Particulars	**As at 30th November 2006**	**As at 31st March**				
		2006	**2005**	**2004**	**2003**	**2002**
Loans to Subsidiaries (Promoter/Promoter Group Companies)	212.02	77.16	20.97	76.65	55.34	46.60
Loans to Body Corporates and Others	144.83	149.79	60.75	32.23	26.45	59.56
Loans to employees	0.05	0.07	-	-	-	-
Advance Tax and Tax deducted at source	80.57	16.31	36.76	20.53	10.92	9.04
Advances recoverable in cash or in kind or for value to be received	482.79	109.40	121.46	112.19	71.22	38.94
Deposits	20.31	9.88	0.01	2.01	1.01	0.22
Others (Advance to Suppliers)	15.93	20.19	9.17	9.22	1.88	1.07
Total	**956.50**	**382.80**	**249.12**	**252.83**	**166.82**	**155.43**

ANNEXURE -9

STATEMENT OF SALES AND OPERATING INCOME, AS RESTATED

(Rs. in Million)

Particulars	For the period ended 30th November, 2006	For the year ended 31st March				
		2006	**2005**	**2004**	**2003**	**2002**
Sales	524.51	1607.83	476.66	292.60	489.83	354.45
Share of Profit / Loss from Joint Ventures and Partnership Firms	-	280.69	0.54	8.25	0.50	9.33
Income from Leased Premises	89.82	105.52	173.73	90.51	26.50	33.69
Total	**614.33**	**1994.04**	**650.93**	**391.36**	**516.83**	**397.47**

*Refer Accounting Policy No. (III) (B) in Annexure – 13.

ANNEXURE – 10

STATEMENT OF OTHER INCOME, AS RESTATED

(Rs. in Million)

Particulars	**For the period ended 30th November, 2006**	**For the year ended 31st March**				
		2006	**2005**	**2004**	**2003**	**2002**
Recurring Income						
Interest Income	21.74	18.59	3.80	4.00	27.00	11.04
	21.74	**18.59**	**3.80**	**4.00**	**27.00**	**11.04**
Non-Recurring Income						
Society Maintenance	0.77	7.25	2.54	2.11	1.22	-
Miscellaneous Receipts	2.30	0.28	0.51	1.34	0.18	0.05 0-
Profit on sale of Assets	-	-	-	2.34	-	-
Compensation Received	-	-	-	12.00	-	-
Profit /(Loss) from Trading	-	(5.15)	-	1.32	-	-
	3.07	**2.38**	**3.05**	**19.11**	**1.40**	**0.05**
Total	**24.81**	**20.97**	**6.85**	**23.11**	**28.40**	**11.09**

ANNEXURE – 11

STATEMENT SHOWING COST OF CONSTRUCTION, AS RESTATED

(Rs. in Million)

Particulars	For the period ended 30th November 2006	For the year ended 31st March				
		2006	**2005**	**2004**	**2003**	**2002**
1. Cost of Construction	695.10	1406.66	700.30	448.93	641.74	422.94
2. (Increase) / Decrease in Inventory	(512.13)	244.72	(290.80)	201.08	(299.43)	(224.14)
Less : Closing inventory of TDR purchased for trade Considered separately	33.60	-	-	-	-	-
Net (Increase) / Decrease	(478.53)	244.72	(290.80)	201.08	(299.43)	(224.14)
Sub total (1 + 2)	**216.57**	**1651.38**	**409.50**	**650.01**	**342.31**	**198.80**
Less : Transferred to fixed assets	52.05	461.70	99.52	472.88	-	-
Cost of Construction	**164.52**	**1189.68**	**309.98**	**177.13**	**342.31**	**198.80**

ANNEXURE - 12

STATEMENT OF ADMINISTRATIVE EXPENSES, AS RESTATED

(Rs. in Million)

Particulars	For the period ended 30th November, 2006	For the year ended 31st March				
		2006	2005	2004	2003	2002
Audit Fees	1.49	0.37	0.30	0.41	0.37	0.35
Director Fees and Expenses	0.53	0.18	0.10	-	-	-
Rent	0.56	0.84	-	-	-	-
Filing Expenses	0.02	6.25	0.17	0.03	0.02	0.01
Insurance	1.59	2.20	9.09	0.30	0.08	0.09
Advertising & Sales Promotion Expenses	26.65	1.54	0.80	0.66	4.54	0.50
Repairs & Society Maintenance charges	4.22	0.17	0.22	2.54	0.73	1.65
Professional / Legal Fees	22.73	8.48	5.96	8.27	1.73	1.73
Property Taxes	10.63	0.65	0.10	8.29	4.32	4.88
Other expenses	25.03	15.63	7.27	26.22	5.00	4.56
Loss on Sale of Assets	-	0.20	0.05	-	0.01	0.14
Brokerage	23.85	-	-	-	-	-
Total	**117.30**	**36.51**	**24.06**	**46.72**	**16.80**	**13.91**

SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

II. USE OF ESTIMATES

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

III. REVENUE RECOGNITION

A. Revenue from Construction Activity:

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

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

The Company was recognizing revenue as per the completed building project method, upto the financial year ended 31st March, 2006. The change to the percentage of completion method, to the extent applicable, has been adopted in pursuance of the guidance note on recognition of revenue by real estate developers, issued by the Institute of Chartered Accountants of India, during the current period. The aforesaid change has resulted in the Sales and Income from Operations for the current period being higher by Rs.204.29 Million and the Profit before tax for the period being higher by Rs.72.76 Million. Reference is invited to Note No. 10 (e) in Annexure -14.

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

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

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

C. Income from Leased Premises**:**

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

D. Others:

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

IV. FIXED ASSETS AND DEPRECIATION

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

B. **Depreciation for the year is provided on the written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.**
Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such addition, or upto the date of such sale/disposal, as the case may be.

V. INVENTORIES

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

B. Finished properties are stated at Cost or Net Realizable Value, whichever is lower. Finished properties given under operating lease are disclosed under the Fixed Assets Schedule as Leased Assets. The costs transferred to the Fixed Assets schedule are shown as deductions from the costs carried in opening inventory and construction costs incurred during the year. These assets (including Furniture and Fixtures in furnished properties) are depreciated on the written down value method, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. 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 is made to comply with the requirements of Accounting Standard 19 – Leases.

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

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

VI. INVESTMENTS

Investments, being Long Term in nature are held at cost. A provision for diminution is made to recognize decline, other than temporary, in the value of long term investments.

VII. RETIREMENT BENEFITS

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

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

VIII. BORROWING COSTS

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

IX. SHARE ISSUE EXPENSES

Share issue expenses are to be charged first against available balance in the Securities Premium Account. The remaining balance, if any, will be amortized proportionately over a period of five years, commencing from the month in which the shares are allotted.

X. FOREIGN CURRENCY TRANSLATIONS

A. Balances in the form of Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted during the year.

B. Income or expenditure in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

XI. SEGMENT REPORTING

The Company has a single segment namely "Builders and Developers". Therefore the Company's business does not fall under different business segments as defined by AS – 17 – "Segment Reporting" issued by ICAI. Further, the Company's operations are restricted to a single geographical segment.

XII. TAXATION

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

account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realization.

XIII. The results reported for the periods ended 31st March, 2002 to 2006 and for the eight month period ended 30th November, 2006, have been restated for material amounts relating to adjustments for the respective previous years, irrespective of the year / period in which the event triggering the adjustment has occurred.

ANNEXURE - 14

NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED

1. The Company has entered into a Joint Venture with another Company whereby the capital is to be contributed by generating 603,000 Sq.ft of Floor Space Index. As on the date of the balance sheet, the Company has contributed 160,792 Sq.ft Floor Space Index. The balance of Rs. 408.34 Million representing 442,208 Sq.ft Floor Space Index is reflected as "Balance Contribution Outstanding to Joint Ventures" as a reduction under the head "Investments" in the Balance Sheet.

2. Contingent Liabilities (not provided for):

			(Rs. in Million)
Sr. No.	**Particulars**		**As at 30-11-2006**
(A)	Claims against the Company, not acknowledged as debts on account of:-		
	1.	Reassessment proceedings under the Income-tax Act, 1961, to be commenced in pursuance of search and seizure operations conducted during the period.	Amount not ascertainable at present
	2.	Demand notice issued by Brihanmumbai Municipal Corporation for Land Under Construction charges (property tax).	29.84
	3.	Petition filed against the Company, under the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971, in relation to a Project.	5.00
(B)	On account of corporate guarantee issued by the Company to a Banker on behalf of another company for facilities availed by the latter (amount outstanding as at 30-11-2006).		26.42
(C)	A Public Interest Litigation was pending against the Company, under Development Control Regulations / Coastal Regulation Zone, in relation to a Project. However, the Company has received a favourable order after the Balance Sheet date.		

Notes:

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

b. 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.

c. As per the audited financial statements, there were no contingent liabilities as at 31st March, 2005, 2004, 2003 and 2002. The contingent liabilities as at 31st March, 2006 were as follows:-

1.	Income Tax matters under appeal.	5.85
2.	Demand notice issued by Brihanmumbai Municipal Corporation for Land Under Construction charges (property tax).	28.32
On account of corporate guarantee given.		15.00

3. Sundry Creditors, Sundry Debtors and Loans and Advances include some items for which confirmations are yet to be received. Hence the balances under the above heads are as per the Books of Account and subject to reconciliation and adjustment, if any.

4. The details of investments made in capital of partnership firms as on 30-11-2006 are as under

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

Name of the Partners		Share of Partner	Capital (Rupees)
A)	Akruti Nirman Ltd.	55.00 %	-
B)	Steelfab Turnkey Projects Ltd.	45.00 %	-
	Total	**100.00 %**	**-**

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

Name of the Partners		Share of Partner	Capital (Rupees)
A)	Akruti Nirman Ltd.	50.00 %	50,000
B)	Chirag A. Shah	12.50 %	12,500
C)	Deepak S. Shah	8.75 %	7,000
D)	Ketan D. Shah	7.50 %	6,000
E)	Niranjan P. Shah	12.50 %	10,000
F)	Shanalal T. Shah (HUF)	8.75 %	8,750
	Total	**100.00 %**	**94,250**

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

Name of the Partners		Share of Partner	Capital (Rupees)
A)	Akruti Nirman Ltd.	33.00 %	-
B)	Dilip Shingarpure	9.00 %	-
C)	Surendra Sanas	17.00 %	-
D)	Smt. Daksha P.Patel	16.00 %	-
E)	Madhav Patankar	25.00 %	-
	Total	**100.00 %**	**-**

IV) **M/s Pristine Developers** :

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

5. Interests of the Company in Joint Ventures, as at 30th November, 2006, are as under:

Name of the Joint Ventures		Share of Interest
I)	M/s. Hirandani Akruti JV	55 %
II)	M/s. Niharika Shopping Mall JV	50 %
III)	M/s. Mount Mary JV	50 %
IV)	M/s. Akruti GM JV	50 %

6. The Company did not have any employee (except for whole-time directors) on its payroll upto 30th October, 2005. The relevant services have been availed by the Company from other entities upto the said date.

7. The transactions in respect of premises given under operating lease

(Rs. in Million)

	As at 30-11-2006
Lease rentals receivable not later than one year	124.76
Later than one year but not later than five years	156.89
Later than five years	-
Lease rental received during the period recognized in Profit & Loss Account for the period	89.82

8. Estimated amount of contracts remaining to be executed on capital account, as at 30th November, 2006 not provided for (net of advances) Rs.8.16 Million.

9. Details of contracts in progress as at 30th November, 2006, for which income has been accounted as per percentage of completion method:

	(Rs. in Million)
Revenue recognized	204.29
Costs incurred	131.53
Advances received	17.31

10. Adjustments relating to changes in accounting policies and estimates:

a. **Depreciation:**

The Company has, upto the accounting year ended 31st March, 2005, provided depreciation in the manner and at the rates prescribed under Income Tax Rules for depreciating Fixed Assets. With effect from 1st April, 2005, depreciation is provided on the Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. To bring uniformity, depreciation has been restated to reflect the impact of changes in the respective accounting years.

b. **Income Tax for previous years:**

The Company records for the difference in the Income Tax, whether short or excess in the year of completion of assessment made by the Income Tax Authorities. Accordingly, the effect of such excess / short taxes has been adjusted to the period to which the tax related.

c. **Deferred Taxes:**

The Company has, for the first time in the year ended 31st March, 2006 accounted for deferred taxes as per Accounting Standard (AS – 22) – "Accounting for Taxes on Income" which became effective from 1st April, 2002 to the Company. The effect of deferred tax has been given in the respective accounting years commencing from 1st April, 2002. The cumulative effect of deferred tax upto 31st March, 2002 has been adjusted to Reserves.

d. **Excess provision written back:**

The Company has, written back to the Profit and Loss Account provisions and accruals made on estimates which had been provided for in the earlier years but are no longer considered payable. The effect of these write backs has been considered in the respective years in which these accruals were originally recorded.

e. **Revenue recognition for sale of incomplete properties**

In response to the Guidance Note on Recognition of Revenue by Real Estate Developers issued during May, 2006, by the Council of the Institute of Chartered Accountants of India, the Company has adopted the percentage of completion method of revenue recognition with effect from April 1, 2006. This method is applicable to properties intended for sale which are under construction as of the reporting date. The Company has not given retrospective effect to this change in accounting policy, because such retrospective effect would have required the Company to identify all incomplete contracts that fulfilled the conditions specified in the Guidance Note on each of the reporting dates and to determine the stage of completion for all such contracts on each such reporting date. Since during those periods the completed building project method of revenue recognition was adopted, the records required for such an exercise are unavailable and an attempt to recast the prior period financial statements would have been highly subjective and difficult to substantiate and hence not possible. As a result, periods prior to 1st April, 2006 have not been restated to reflect change in the revenue recognition policy. The comparative figures indicating the above referred change, for the period ended 30th November, 2006 are given below:

(Rs. in Million)

Particulars	Percentage of completion method		Completed building project method	
Sales and income from operations		614.33		410.04
Other income		24.81		24.81
Total Income		**639.14**		**434.85**
Purchase of TDR for sale	33.60		33.60	
Less: Closing Inventory of TDR for sale	33.60		33.60	
Net Purchase		-		-
Cost of construction		164.52		32.99
Employment costs		36.16		36.16
Administrative, Selling and General expenses		117.30		117.30
Interest and Finance charges		129.85		129.85
Depreciation		41.06		41.06
Total Expenditure		**488.89**		**357.36**
Profit before tax		**150.25**		**77.49**
Provision for Taxation		14.90		6.60
Profit after tax		**135.35**		**70.89**

As per our report of even date

For and on behalf of the Board

For and on behalf of
DALAL & SHAH
Chartered Accountants

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

HEMANT SHAH
Chairman

SHISHIR DALAL
Partner
Membership No. 37310

VIRAL DOSHI
Proprietor
Membership No. 105330

VYOMESH SHAH
Managing Director

CHETAN MODY
Company Secretary
Membership No. 2196

MUMBAI: 2nd January, 2007

ANNEXURE – 15

SUMMARY OF DIVIDEND PAID

Particulars	For the period ended 30th November 2006	For the year ended 31st March, 2006				
		2006	**2005**	**2004**	**2003**	**2002**
Equity Shares						
Number of Shares	60000000	48000000	2000000	2000000	2000000	500000
Face Value per share (Rs.)	10	10	10	10	10	10
Paid-up Value per share (Rs.)	10	10	10	10	10	10
Rate of Dividend (%)	NIL	15	200	100	100	200
Total Dividend	NIL	72.00	40.00	20.00	20.00	10.00
(Rs. in Million)						

ANNEXURE – 16

STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

Sr. No.	Particulars	For the period ended **30th November, 2006**	**For the Year Ended 31st March**				
			2006	**2005**	**2004**	**2003**	**2002**
1	**EARNING PER SHARE (EPS)** Net Profit after Tax (As Adjusted) (Rs. In million)						
	Weighted Average Number of Equity shares (*)	135.35	630.68	129.19	84.37	126.59	142.54
	EPS Basic / Diluted (Rs.)						
		60,000,000	44,657,534	40,000,000	40,000,000	40,000,000	40,000,000
		2.26	**14.12**	**3.23**	**2.11**	**3.16**	**3.56**
2	**NET ASSETS VALUE (NAV)** Net Assets (Rs. in Million)						
	Weighted Average Number of Equity shares (*)	1,171.22	1,067.53	509.61	423.10	361.27	257.39
	NAV per share (Rs.)						
		60,000,000	44,657,534	40,000,000	40,000,000	40,000,000	40,000,000
		19.52	**23.90**	**12.74**	**10.58**	**9.03**	**6.43**
3	**RETURN ON NET WORTH** Net Profit after Tax (As Adjusted) (Rs. in Million)						
	Net Worth (Rs. in Million)	135.35	630.68	129.19	84.37	126.59	142.54
	Return on Net Worth (%)						
		1,171	1,067.53	509.61	423.10	361.27	257.39

		12.00	**59.09**	**25.35**	**19.94**	**35.04**	**55.38**

(*) Adjusted for Bonus / Rights Issues during subsequent periods.

Definition of Ratios :

1. Earning per Equity Share :- Adjusted Net Profit after Tax / Weighted Average Number of Equity Shares
2. Net Assets Value :- Adjusted Net Assets / Weighted Average Number of Equity Shares
3. Return on Net Worth :- Adjusted Net Profit After Tax / Adjusted Equity Share holders Fund *100

ANNEXURE – 17

STATEMENT OF CAPITALISATION

(Rs. in Million)

Particulars	**Pre issue as at 30th November 2006**	**Adjusted for present issue**
Borrowings:		
Short Term Debts	1477.51	
Long Term Debts	1084.42	
Total Debts	**2561.93**	
Shareholders Funds:		
Share Capital	600.00	
Reserves & Surplus	602.88	
	1202.88	
Less: Miscellaneous Expenditure (To the extent not Written off)	31.66	
Total Shareholders Funds	**1171.22**	
Long Term Debt / Equity ratio	**0.93**	

Notes :

1. Debts maturing within one year from 30th November, 2006 are considered as short term debts
2. Share Capital and Reserves (Post Issue) can be calculated only on Issue Price finalisation.

ANNEXURE – 18

STATEMENT OF TAX SHELTER

(Rs. in million)

Particulars	**For the Period ended**	**For the Year Ended 31st March**				
	30-11-2006 (See note 3)	**2006**	**2005**	**2004**	**2003**	**2002**
Profit before tax (A)	150.25	661.14	149.68	96.54	138.44	152.43
Tax thereon – Rate	**33.66%**	**33.66%**	**36.59%**	**35.88%**	**36.75%**	**35.70%**
Tax at the above rate **(B)**	50.57	222.54	54.77	34.64	50.88	54.42
Adjustments :						
Permanent Differences:						
Share of Profit from Partnership Firm exempt from tax	----	(280.69)	(0.54)	(8.26)	(1.17)	(9.33)
Donations	1.03	0.61	----	----	0.17	0.04
Share Issue Expenses	----	8.01	----	----	----	----
Net effect of 80IA/80IB/80G	(178.72)	(404.88)	(125.46)	(83.33)	(101.42)	(95.12)
Others	----	----	----	(27.15)	(7.95)	(10.11)
Total Permanent Difference (C)	**(177.69)**	**(676.95)**	**(126.00)**	**(118.74)**	**(110.37)**	**(114.52)**
Timing Differences :						
Difference on account of Depreciation	11.58	6.11	(23.74)	25.91	4.84	5.82
Profits or Losses on sale of Fixed Assets	----	0.20	0.06	0.45	----	----
Disallowances u/s. 43B / 40 A (3)/ 14A (net)	16.47	8.89	----	----	----	----
Others	(0.61)	0.61				
Total Timing Differences (D)	**27.44**	**15.81**	**(23.68)**	**26.36**	**4.84**	**5.82**
Net Adjustments (E)=(C+D)	**(150.25)**	**(661.14)**	**(149.68)**	**(92.38)**	**(105.53)**	**(108.70)**
Tax Expense/(Saving) thereon (F)	**(50.57)**	**(222.54)**	**(54.77)**	**(33.14)**	**(38.78)**	**(38.81)**
Taxable Income /(Loss) (G)=(A+D)	----	-----	----	**4.16**	**32.91**	**43.73**
Taxable Income as per MAT	149.64	388.85	149.15	88.28	137.27	143.10
Tax as per Income Tax returned	**17.00**	**32.72**	**11.70**	**6.79**	**12.10**	**15.61**
Mat Tax Credit Utilised	**--**	**-**	**-**		**(1.29)**	**(4.67)**
Interest U/s 234A, 234B & 234C	**-**	**3.23**	**-**	**-**	**-**	**0.29**
Net tax payable as per Return	**17.00**	**35.95**	**11.70**	**6.79**	**10.81**	**11.23**

Note:

1. The information pertaining to the years ended 31st March, 2002 to 31st March, 2006 are as per the Return of Income filed by the Company. The effects of assessment/appellate orders have not been considered above.

2. The Statement of Tax Shelter has been prepared based on Income Tax Returns filed by the Company.

3. The information pertaining to period ending 30th November 2006 has been based on statement of computation of taxable income prepared by the company for the calculation of "Current tax" for the period ending 30th November, 2006. Under the Income Tax laws income is assessable for the period from 1st April to 31st March.

ANNEXURE – 19

STATEMENT OF RELATED PARTY DISCLOSURE

I. The Company has identified Following Related Party for the Year Ended 31st March, 2002 to 30th November,2006.

A. SUBSIDIARY COMPANIES

Adhivitiya Propertie Pvt. Ltd.
Agreem Properties Pvt. Ltd.
Akruti Centre point infotech pvt.Ltd
Akulpita Constructions Pvt. Ltd.
Arnav Properties Pvt.Ltd
Brainpoint Infotech Private Limited
Bisha Repairs & Reconstructions Pvt. Ltd.
E- Commerce Solutions (India) Pvt. Ltd
TDR Properties Pvt. Ltd
Vishal Nirman (India) Limited
Vishal Teknik Civil Private Limited
Vaishnavi Builders & Developers Pvt. Ltd.
Sheshan Housing & Area Development P Ltd
Multilink Infotech Pvt. Ltd.

B. ASSOCIATE COMPANIES AND JOINT VENTURES/ PARTNERSHIP FIRMS

Citygold Management Services Pvt. Ltd. (CGMS)
Gallant Infotech Private Limted
DLF Akruti Info Park (Pune) Ltd
Mangal Shrusti Gruh Nirmiti Ltd
Pristine developers pvt.ltd
Infrastructure Venture India Ltd (IVIL)
Niharika Shopping Mall Joint Venture
Hrianandani Akruti JV
Mount Mary JV
Akruti GM JV
Akruti Steelfab Corporation (firm)
Aarti Projects & Constructions (firm)
Pristine Developers (firm)

C. (I) KEY MANAGEMENT PERSONNEL

Mr Hemant Shah (Chairman, Whole-time Director)
Mr Vyomesh Shah (Managing Director)
Mr. Madhukar Chobe (Whole-time Director)

(II) RELATIVES OF KEY MANAGEMENT PERSONNEL AND THEIR ENTERPRISES,WHERE TRANSACTION HAVE TAKEN PLACE:

Mahipatray V. Shah
Lata M. Shah
Kunjal H. Shah
Kushal H. Shah
Falguni V. Shah
Rushank V. Shah
Khilen V. Shah

D. OTHER PARITES WHERE CONTROL EXISTS

Akruti SMC JV
Suraksha Realtors (firm)

Note:- Related party relationships are as identified by the Company and relied upon by the auditors as correct

II. Transactions undertaken with related parties:

Particulars	For the period 1st April, 2006 to 30th November, 2006	For the year ended 31st March				
		2006	2005	2004	2003	2002
Subsidary Companies						
A)Transaction during the year						
Loans\Advances Received\Recovered	935.20	113.82	125.67	65.96	64.05	39.07
Loans\Advances Given\Repaid	1022.05	197.08	73.87	75.48	47.32	55.89
Interest received	11.57	4.28			18.60	
Interest paid	0.95	0.45				
compensation received				12.00		
Purchase of FSI		3.27		1.01		
Services availed	6.13					
B) Balances at the end of the year						
Receivable	212.02	3.48	16.16	20.04	7.24	0.38
Investment	6.68	5.90	3.97	3.99	3.27	1.94
Payable	19.50	103.22	20.97	77.01	55.34	45.05
Associated Companies						
A)Transaction during the year						
Loans\Advances Received\Recovered	0.60	104.23	53.59	11.19	4.27	1.43
Loans\Advances Given\Repaid	35.55	153.53	92.66	7.25	0.28	3.56
Interest received	2.34	2.60	0.01			
Rent received			4.39	3.29		
Services availed	0.93		31.41	20.27	15.50	14.55
deposits received				0.95		
B) Balances at the end of the year						
Receivable	119.77		0.15	8.73		
Investment	19.80	20.18	0.55	0.05	0.05	0.05
Payable	0.21	83.00	33.22	3.25	2.96	5.69
Creditors Payable			12.99		0.13	0.19
Intercorporate Deposit			0.95	0.95		
Joint ventures/Partnership Firms						
A) Transaction during the year						
Loans\Advances Received\Recovered	4.25	766.47	45.80			
Loans\Advances Given\Repaid	4.25	79.99	59.71	47.45		
Purchase of FSI		68.32				
Sale of FSI\Flat		347.38				
B) Balances at the year end						
Receivable						
Investment	156.58	103.08				
Other parties where control exists						

A) Transaction during the year						
Loans\Advances Received\Recovered	1.06					
Loans\Advances Given\Repaid	1.06					
B) Balances at the year end						
Investment	0.04					
Key Management personal and relatives						
A)Transaction during the year						
Loans\Advances Received\Recovered	53.42	23.05	13.21	17.59	22.55	18.26
Loans\Advances Given\Repaid	53.43	60.24	50.23	20.37	18.48	17.20
Interest paid		0.35	2.65	3.13	2.75	1.90
Remuneration paid	8.60	7.20	4.50	4.50	0.30	0.30
Directors sitting fees	0.10					
Sale of finsihed properties to directors	3.78					
B) Balances at the year end						
Receivable			36.85	71.21	50.85	34.05
Payable			0.01			

Note :

The list of related parties and transactions entered into with them, upto the year ended 31st March, 2006 have been compiled by the Management for the purpose of the proposed Initial Public Offer. The auditors have not performed any procedure to determine whether they are accurate or complete.

ANNEXURE – 20

I. ADHIVITYA PROPERTIES PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 30/11/2006	As at 31st March				
			2006	**2005**	**2004**	**2003**	**2002**
A	**Fixed Assets:**						
	Gross Block	-	-	-	-	-	-
	Less: Depreciation	-	-	-	-	-	-
	Net Block	-	-	-	-	-	-
B	Investments	10848.65	**6378.10**	**3079.90**	**2939.90**	**2394.90**	**2090.00**
C	Current Assets, Loans and Advances						
	Cash and Bank Balances	**181.26**	412.52	9.45	12.49	14.83	12.63
	Loans and Advances	**53.19**	0.64	-	-	-	-
		234.45	**413.16**	**9.45**	**12.49**	**14.83**	**12.63**
D	Liabilities and Provisions						
	Unsecured Loans	**12449.82**	7017.54	3035.00	2895.00	2350.00	2135.00
	Current Liabilities and Provisions	**70.31**	151.69	0.55	1.08	1.08	1.05
		12520.13	**7169.23**	**3035.55**	**2896.08**	**2351.08**	**2136.05**
E	Net Worth (A+B+C-D)	(1437.03)	**(377.97)**	**53.80**	**56.31**	**58.65**	**(33.42)**
F	**Represented by**						
	1. Share Capital	**500.00**	500.00	100.00	100.00	100.00	6.00
	2. Reserves	**-**	-	-	-	-	-
	Less: Miscellaneous Expenditure	**-**	**-**	**-**	**-**	**-**	**-**
	Less: Profit and Loss (Debit balance)	**1937.03**	877.97	46.20	43.69	41.36	39.42
		1937.03	**877.97**	**46.20**	**43.70**	**41.36**	**39.42**
G	Net Worth (F1 + F2)	(1437.03)	**(377.97)**	**53.80**	**56.31**	**58.65**	**(33.42)**

ANNEXURE – 20

I. ADHIVITYA PROPERTIES PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the period ended 30/11/2006	**For the Year Ended 31st March**				
		2006	**2005**	**2004**	**2003**	**2002**
Income	**-**	**-**	**-**	**-**	**-**	**-**
Expenditure						
Administrative expenses	**265.40**	246.00	2.50	2.34	1.94	1.51
Interest	**789.19**	584.52	-	-	-	-
Total Expenditure	1054.59	**830.52**	**2.50**	**2.34**	**1.94**	**1.51**
Net Profit before tax	(1054.59)	**(830.52)**	**(2.50)**	**(2.34)**	**(1.94)**	**(1.51)**
Less: Provision for FBT	**4.47**	1.25	-	-	-	-
Net Profit after tax	(1059.06)	**(831.77)**	**(2.50)**	**(2.34)**	**(1.94)**	**(1.51)**

ANNEXURE – 20

II. AGREEM PROPERTIES PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	**As at 30/11/2006**	**As at 31st March**				
			2006	**2005**	**2004**	**2003**	**2002**
A	**Fixed Assets:**						
	Gross Block	-	-	-	-	-	-
	Less: Depreciation	-	-	-	-	-	-
	Net Block	-	-	-	-	-	-
B	Investments	-	-	-	-	-	-
C	Current Assets, Loans and Advances						
	Inventories	47581.40	46468.78	7226.82	5017.97	5010.14	2039.49
	Sundry Debtors	-	7968.08	-	-	-	-
	Cash and Bank Balances	102.04	428.76	21.30	17.68	29.24	7.32
	Loans and Advances	-	-	-	-	4000.00	4000.00
		47683.44	**54865.62**	**7248.12**	**5035.65**	**9039.38**	**6046.81**
D	Liabilities and Provisions						
	Unsecured Loans	23177.82	22773.52	2506.47	2975.00	4215.00	3655.00
	Current Liabilities and Provisions	22964.06	30475.31	5002.20	2321.20	5078.70	2646.13
		46141.88	**53248.83**	**7508.67**	**5296.20**	**9293.70**	**6301.13**
E	Net Worth (A+B+C-D)	**1541.56**	**1616.79**	**(260.55)**	**(260.55)**	**(254.32)**	**(254.32)**
F	**Represented by**						
	1. Share Capital	500.00	500.00	100.00	100.00	100.00	100.00
	2. Reserves	1041.56	1116.79	-	-	-	-
	Less: Profit and Loss Account	-	-	360.55	360.55	354.32	354.32
		1041.56	1116.79	(360.55)	(360.55)	(354.32)	(354.32)
G	Net Worth (F1 + F2)	**1541.56**	**1616.79**	**(260.55)**	**(260.55)**	**(254.32)**	**(254.32)**

ANNEXURE – 20

II. AGREEM PROPERTIES PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the period ended 30/11/2006	For the Year Ended 31st March				
		2006	2005	2004	2003	2002
Income						
Sale of TDR	-	11251.34	-	-	-	-
Increase/Decrease in inventories	1112.63	39241.95	-	-	-	-
Total Income		**50493.29**	**-**	**-**	**-**	**-**
Expenditure		-	-	-	-	-
Cost of Construction	1112.63	46468.78	-	-	-	-
Administrative expenses	30.65	1969.18	-	-	-	-
Total Expenditure	**1143.28**	**48437.95**	**-**	**-**	**-**	**-**
Profit before Taxation	**(30.65)**	**2055.34**	**-**	**-**	**-**	**-**
Less: Provision for taxation	44.58	578	-	-	6.23	-
Profit after Taxation	**(75.23)**	**1477.34**	**-**	**-**	**(6.23)**	**-**

ANNEXURE – 20

III. AKULPITA CONSTRUCTION PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 30/11/2006	As at 31st March				
			2006	2005	2004	2003	2002
A	**Fixed Assets:**						
	Gross Block	18987.29	-	-	-	-	-
	Less: Depreciation	171.42	-	-	-	-	-
	Net Block	**18815.87**	**-**	**-**	**-**	**-**	**-**
B	Investments	**712.50**	**712.50**	**712.50**	**712.50**	**11236.13**	**-**
C	Current Assets, Loans and Advances						
	Inventories	-	18845.18	18845.18	17193.18	-	-
	Cash and Bank Balances	289.32	488.97	14.25	1397.69	86.24	72.85
	Loans and Advances	663.27	2985.80	2.28	2.52	1.22	7310.00
		952.59	**22319.95**	**18861.70**	**18593.39**	**87.46**	**7382.85**
D	Liabilities and Provisions						
	Unsecured Loans	17605.98	22500.00	19635.00	18015.00	9368.08	7310.00
	Current Liabilities and Provisions	2397.84	47.90	36.07	1255.20	1921.11	2.63
		20003.82	**22547.90**	**19671.07**	**19270.20**	**11289.20**	**7312.63**
E	Deferred Tax Liability	**3.57**					
F	Net Worth (A+B+C-D-E)	**473.57**	**484.55**	**(96.86)**	**35.69**	**34.39**	**70.22**
G	**Represented by**						
	1. Share Capital	500.00	500.00	100.00	100.00	100.00	100.00
	2. Reserves	-	-	-	-	-	-
	Less: Profit and Loss Account	26.43	15.45	196.86	64.31	65.61	29.78
		(26.43)	(15.45)	(196.86)	(64.31)	(65.61)	(29.78)
H	Net Worth (G1 + G2)	**473.57**	**484.55**	**(96.86)**	**35.69**	**34.39**	**70.22**

ANNEXURE – 20

III. AKULPITA CONSTRUCTION PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the period ended 30/11/2006	For the Year Ended 31st March				
		2006	**2005**	**2004**	**2003**	**2002**
Income						
Other Income	607.69	359.20	6.56	6.34	5.83	0.80
Total Income	**607.69**	**359.20**	**6.56**	**6.34**	**5.83**	**0.80**
Expenditure						
Administrative expenses	552.41	171.49	139.12	4.10	6.30	3.46
Interest Paid	62.63	-	-	-	35.37	-
Total Expenditure	**615.04**	**171.49**	**139.12**	**4.10**	**41.67**	**3.46**
Profit before Tax	**(7.35)**	**187.71**	**(132.56)**	**2.24**	**(35.84)**	**(2.66)**
Less: Provision for Tax	(3.63)	6.30	-	0.94	-	-
Profit after Tax	**(10.98)**	**181.41**	**(132.56)**	**1.31**	**(35.84)**	**(2.66)**

ANNEXURE – 20

IV. AKRUTI CENTRE POINT INFOTECH PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 30/11/2006	As at 31st March				
			2006	2005	2004	2003	2002
A	**Fixed Assets:**						
	Gross Block	-	-	-	-	-	-
	Less: Depreciation	-	-	-	-	-	-
	Net Block	-	-	-	-	-	-
B	Investments	-	-	-	**712.50**	**11236.13**	-
C	Current Assets, Loans and Advances						
	Inventories	-	-	-	16172.18	-	-
	Cash and Bank Balances	**611.52**	429.61	375.99	1291.56	8.06	14.58
	Loans and Advances	**385.27**	594.90	450.00	-	-	7310.00
		996.79	**1024.51**	**825.99**	**17463.74**	**8.06**	**7324.58**
D	Liabilities and Provisions						
	Unsecured Loans	-	-	-	17480.00	11206.13	7285.00
	Current Liabilities and Provisions	**13.26**	44.60	296.25	662.08	1.08	1.05
		13.26	**44.60**	**296.25**	**18142.08**	**11207.21**	**7286.05**
E	Net Worth (A+B+C-D)	983.54	**979.91**	**529.74**	**34.16**	**36.98**	**38.53**
F	**Represented by**						
	1. Share Capital	**500.00**	500.00	100.00	100.00	100.00	100.00
	2. Reserves	**483.54**	479.91	429.74	-	-	-
	Less: Profit and Loss Account	-	-	-	65.84	63.02	61.47
		483.54	479.91	429.74	(65.84)	(63.02)	(61.47)
G	Net Worth (F1 + F2)	983.54	**979.91**	**529.74**	**34.16**	**36.98**	**38.53**

ANNEXURE – 20

IV. AKRUTI CENTRE POINT INFOTECH PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES AS RESTATED

(Rs. in '000)

Particulars	For the period ended 30/11/2006	For the Year Ended 31st March				
		2006	2005	2004	2003	2002
Income						
Sales	-	-	19287.50	-	-	-
Other Income	38.27	99.90	-	-	0.19	0.94
Total Income	**38.27**	**99.90**	**19287.50**	-	**0.19**	**0.94**
Expenditure						
Cost of Construction/ Inventories	-	-	18493.51	-	-	-
Administrative expenses	30.01	18.23	3.81	2.37	1.74	1.91
Total Expenditure	**30.01**	**18.23**	**18497.32**	**2.37**	**1.74**	**1.91**
Profit before Tax	**8.26**	**81.67**	**790.18**	**(2.37)**	**(1.55)**	**(0.97)**
Less:- Provision for Tax	4.63	31.50	294.60	0.45	-	-
Profit after Tax	**3.63**	**50.17**	**495.58**	**(2.82)**	**(1.55)**	**(0.97)**

ANNEXURE – 20

V. ARNAV PROPERTIES PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 30/11/2006	As at 31st March 2006	2005	2004	2003	2002
A	**Fixed Assets:**						
	Gross Block	-	-	-	-	-	-
	Less: Depreciation	-	-	-	-	-	-
	Net Block	-	-	-	-	-	-
B	Investments	79009.37	-	-	-	-	-
C	Current Assets, Loans and Advances						
	Inventories	**-**	**956.03**	-	4313.67	48547.10	27189.08
	Sundry Debtors	**-**	61.96	703.11	308.38	-	-
	Cash and Bank Balances	**29.09**	423.22	2196.36	1204.72	1000.78	633.71
	Loans and Advances	**126.37**	35010.25	43.19	213.76	275.63	60.20
		155.46	**36451.46**	**2942.66**	**6040.53**	**49823.51**	**27882.99**
D	Liabilities and Provisions						
	Unsecured Loans	**83357.93**	35994.50	316.00	6976.55	14903.06	20300.15
	Current Liabilities and Provisions	**348.44**	345.99	2894.77	1533.60	34886.60	7482.84
		83706.37	**36340.49**	**3210.77**	**8510.15**	**49789.66**	**27782.99**
E	Net Worth (A+B+C-D)	**(4541.54)**	**110.97**	**(268.11)**	**(2469.62)**	**33.84**	**100.00**
G	**Represented by**						
	1. Share Capital	**500.00**	500.00	100.00	100.00	100.00	100.00
	2. Reserves						
	Less: Profit and Loss Account (Debit balance)	**5041.54**	389.03	368.11	2569.62	66.16	-
		(5041.54)	(389.03)	(368.11)	(2569.62)	(66.16)	-
G	Net Worth (F1+F2)	(4541.54)	**110.97**	**(268.11)**	**(2469.62)**	**33.84**	**100.00**

ANNEXURE – 20

V. ARNAV PROPERTIES PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the period ended 30/11/2006	For the Year Ended 31st March				
		2006	2005	2004	2003	2002
Income						
Sales	-	-	4400.00	43684.90	-	-
Other Income	529.47	118.57	4675.61	1508.66	-	-
Increase / (Decrease) in Inventory	-	956.03	(4313.67)	4313.67	-	-
Total Income	529.47	**1074.60**	**4761.94**	**49507.22**	-	-
Expenditure						
Cost of Construction	-	956.03	-	52010.68	-	-
Administrative Expenses	**126.77**	139.49	2363.58	-	-	-
Interest Paid	**5055.20**	-	-	-	-	-
Total Expenditure	5181.97	**1095.52**	**2363.58**	**52010.68**	-	-
Profit / (Loss) before Tax	(4652.50)	**(20.93)**	**2398.36**	**(2503.46)**	-	-
Less : Provision for Tax	-	-	196.84	-	66.16	-
Profit / (Loss) after Tax	(4652.50)	**(20.93)**	**2201.52**	**(2503.46)**	**(66.16)**	-

ANNEXURE – 20

VI. BISHA REPAIRS AND RECONSTRUCTIONS PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 31st March			
		2005	2004	2003	2002
A	**Fixed Assets:**				
	Gross Block	-	-	-	-
	Less: Depreciation	-	-	-	-
	Net Block	-	-	-	-
B	Investments	-	-	-	-
C	Current Assets, Loans and Advances				
	Inventories	-	-	48138.84	34318.20
	Sundry Debtors	-	-	2905.18	-
	Cash and Bank Balances	65.31	59.64	52.14	47.35
	Loans and Advances	8697.26	9495.34	7353.80	-
	Other Current Assets				
		8762.57	**9554.98**	**58449.96**	**34365.55**
D	Liabilities and Provisions				
	Secured Loans	-	-	-	-
	Unsecured Loans	-	19.99	39093.00	16287.00
	Current Liabilities and Provisions	7856.66	8617.33	18782.90	17417.09
		7856.66	**8637.32**	**57875.90**	**33704.09**
E	Net Worth (A+B+C-D)	**905.91**	**917.65**	**574.06**	**661.46**
F	**Represented by**				
	1. Share Capital	500.00	500.00	500.00	500.00
	2. Reserves	405.91	417.65	74.06	161.46
	Net Worth (F1 + F2)	**905.91**	**917.65**	**574.06**	**661.46**

ANNEXURE – 20

VI. BISHA REPAIRS AND RECONSTRUCTIONS PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES AS RESTATED

(Rs. in '000)

Particulars	For the Year Ended 31st March		
	2005	**2004**	**2003**
Income			
Sales of TDR	-	51828.51	-
Work Contract received	-	-	2967.50
Interest Received	-	5.92	-
Closing Stock (TRD)	**-**	**-**	48138.84
Total Income	**-**	**51834.43**	**51106.34**
Expenditure			
Opening Work in Progress	-	-	34318.20
Opening Stock (TDR)	-	48138.84	-
Cost of Construction	-	422.99	1790.53
Administrative expenses	11.74	167.98	1343.02
Interest Paid	-	2519.49	13402.36
Total Expenditure	**11.74**	**51249.30**	**50854.11**
Net Profit before Tax	**(11.74)**	**585.13**	**252.23**
Less:- Provision for Tax	-	241.54	339.64
Net Profit after Tax	**(11.74)**	**343.59**	**(87.41)**

Note :
Profit and Loss account is not drawn by the Subsidiary for the year ended 31st March, 2002

ANNEXURE – 20

VII. BRAIN POINT INFOTECH PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 30/11/2006	As at 31st March		
			2006	**2005**	**2004**
A	**Fixed Assets:**				
	Gross Block	69.06	75.20	-	-
	Less: Depreciation	15.78	6.14	-	-
	Net Block	**53.28**	**69.06**	**-**	**-**
B	Investments	**-**	**-**	**-**	**-**
C	Current Assets, Loans and Advances				
	Inventories	-			
	Sundry Debtors	2814.50	828.93	1907.50	809.16
	Cash and Bank Balances	3378.55	1839.19	107.62	117.78
	Loans and Advances	2829.47	430.26	389.90	258.65
		9022.52	**3098.37**	**2405.02**	**1185.59**
D	Liabilities and Provisions				
	Current Liabilities and Provisions	6787.04	1180.58	1499.50	1017.16
		6787.04	**1180.58**	**1499.50**	**1017.16**
E	Deferred Tax Liability	**4.45**	**4.17**	-	-
F	Net Worth (A+B+C-D-E)	**2284.31**	**1982.68**	**905.52**	**168.43**
G	**Represented by**				
	1. Share Capital	500.00	500.00	173.77	173.71
	2. Reserves	1784.31	1482.68	731.75	0.00
	Less: Profit and Loss Account (Debit balance)		**-**	**-**	5.28
		2284.31	1482.68	731.75	(5.28)
H	Net Worth (G1 + G2)	**2284.31**	**1982.68**	**905.52**	**168.43**

ANNEXURE – 20

VII. BRAIN POINT INFOTECH PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the period ended 30/11/2006	For the Year Ended 31st March		
		2006	2005	2004
Income				
Maintenance and Assessment Tax Received	7949.19	12133.70	10926.35	1834.57
Other Income	58.31	-	1.09	5.00
Total Income	**8007.49**	**12133.70**	**10927.44**	**1839.57**
Expenditure				
Maintenance and Assessment Tax Paid	8108.67	11986.55	10819.77	1821.65
Administrative expenses	9.60	28.61	13.35	9.67
Depreciation	15.78	6.14	-	-
Total Expenditure	**8134.05**	**12021.30**	**10833.12**	**1831.32**
Profit before Tax	**(126.56)**	**112.40**	**94.32**	**8.25**
Less:- Differed Tax liability	0.28	4.17	-	-
Profit after Tax	**(126.84)**	**108.23**	**94.32**	**8.25**

ANNEXURE – 20

VIII. E – COMMERCE SOLUTIONS (INDIA) PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	For the period ended 30.11.2006	As at 31st March 2006	2005	2004	2003	2002
A	**Fixed Assets:**						
	Gross Block		-	35.58	72.60	72.60	72.60
	Less: Depreciation		-	35.58	35.58	28.13	21.47
	Net Block		**-**	**-**	**37.02**	**44.47**	**51.13**
B	Investments		**-**	**-**	**-**	**-**	**-**
C	Current Assets, Loans and Advances						
	Sundry Debtors		-	-	-	9549.13	9549.13
	Cash and Bank Balances	**33.09**	653.94	61.42	54.01	97.27	24.54
	Loans and Advances	**10072.30**	14222.00	18022.00	20329.50	8233.87	92.97
		10105.39	**14875.94**	**18083.42**	**20383.51**	**17880.27**	**9666.64**
D	Liabilities and Provisions						
	Unsecured Loans	**5302.78**	10000.00	13190.00	17082.07	14565.26	6039.13
	Current Liabilities and Provisions	**2468.52**	2443.72	2443.17	851.80	855.26	1146.44
		7771.30	**12443.72**	**15633.17**	**17933.87**	**15420.52**	**7185.57**
E	Net Worth (A+B+C-D)	2334.09	**2432.22**	**2450.25**	**2486.66**	**2504.22**	**2532.20**
F	**Represented by**						
	1. Share Capital	**2500.00**	2500.00	2500.00	2500.00	2500.00	2500.00
	2. Reserves		-	-	-	15.18	44.98
	Less: Miscellaneous Exp	**4.26**	5.48	7.30	9.13	10.96	12.78
	Less: Profit and Loss (Debit Balance)	**161.65**	62.30	42.45	4.21	-	-
		(165.91)	(67.78)	(49.75)	(13.34)	4.22	32.20
G	Net Worth (F1 + F2)	2334.09	**2432.22**	**2450.25**	**2486.66**	**2504.22**	**2532.20**

ANNEXURE – 20

VIII. E – COMMERCE SOLUTIONS (INDIA) PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the year ended 30.11.2006	For the Year Ended 31st March				
		2006	2005	2004	2003	2002
Income						
Interest received	5.95	-	-	2.28	-	-
Software development charges		-	-	-	-	9549.13
Total Income	5.95	**-**	**-**	**2.28**	**-**	**9549.13**
Expenditure						
Administration expenses	**10.25**	18.03	13.40	19.85	27.97	9558.03
Loss on sale of fixed assets		-	18.52	-	-	-
Written Off Deposit		-	4.50	-	-	-
Interest Paid	**93.84**					
Preliminary expenses	**1.22**	1.83	1.83	1.83	1.83	1.83
Total Expenditure	105.31	**19.86**	**38.25**	**21.68**	**29.80**	**9559.86**
Profit before Tax	(99.36)	**(19.85)**	**(38.24)**	**(19.39)**	**(29.80)**	**(10.73)**
Less:Provision for Tax – Current Tax		-	-	-	-	-
Less:Provision for Tax– Deferred Tax		**-**	**-**	**-**	**-**	**-**
Profit after Tax	(99.36)	**(19.85)**	**(38.24)**	**(19.39)**	**(29.80)**	**(10.73)**

ANNEXURE – 20

IX. GALLANT INFOTECH PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 31st March		
		2004	**2003**	**2002**
A	**Fixed Assets:**			
	Gross Block	51.00	-	-
	Less: Depreciation	6.37	-	-
	Net Block	**44.63**	**-**	**-**
B	Investments	-	-	-
C	Current Assets, Loans and Advances			
	Sundry Debtors	605.63	-	-
	Cash and Bank Balances	167.08	100.99	37.02
	Loans and Advances	83.62	-	-
		856.33	**100.99**	**37.02**
D	Liabilities and Provisions			
	Current Liabilities and Provisions	481.36	1.08	36.35
		481.36	**1.08**	**36.35**
E	Net Worth (A+B+C-D)	**419.60**	**99.91**	**0.67**
F	**Represented by**			
	1. Share Capital	100.00	100.00	2.00
	2. Reserves	319.50	-	-
	Less: Profit and Loss Account (Debit Balance)	**-**	0.09	1.33
		319.50	**(0.09)**	**(1.33)**
	Net Worth (F1 + F2)	**419.50**	**99.91**	**0.67**

ANNEXURE – 20

IX. GALANT INFOTECH PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the Year Ended 31st March		
	2004	**2003**	**2002**
Income			
Maintenance and Assessment Tax received	2425.40	-	-
Interest Received	3.97	3.37	-
Total Income	**2429.37**	**3.37**	**-**
Expenditure			
Assessment Tax Paid	2068.81	-	-
Insurance (Building)	29.61	-	-
Life Maintenance Expenses	20.63	-	-
Administration Expenses	32.28	2.13	1.33
Security Charges	69.21	-	-
Service Charges	63.95	-	-
Water Charges	133.92	-	-
Depreciation	6.38	-	-
Total Expenditure	**2424.79**	**2.13**	**1.33**
Profit before Tax	**4.58**	**1.24**	**(1.33)**
Less: Deferred Tax Liability	-	-	-
Profit after Tax	**4.58**	**1.24**	**(1.33)**

ANNEXURE – 20

XI. SHESHAN HOUSING & AREA DEVELOPMENT ENGINEERS PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 30/11/2006	As at 31st March		
			2006	2005	2004
A	**Fixed Assets :**				
	Gross Block	-	-	-	-
	Less : Depreciation	-	-	-	-
	Net Block	-	-	-	-
B	Investments	-	-	-	-
C	Current Assets, Loans & Advances				
	Inventories	**1537.43**	-	1841.27	1838.63
	Cash and Bank Balances	**42.33**	485.91	15.52	13.57
	Loans and Advances	**32000.00**	-	-	246.73
		33579.76	**485.91**	**1856.79**	**2098.93**
D	**Liabilities and Provisions**				
	Unsecured Loans	**32985.09**	-	1760.00	2000.00
	Current Liabilities & Provisions	**144.63**	12.55	4.78	6.92
		33129.72	**12.55**	**1764.78**	**2006.92**
E	Net Worth (A+B+C-D)	450.04	**473.36**	**92.01**	**92.01**
F	**Represented by**				
	1. Share Capital	**500.00**	500.00	100.00	100.00
	2. Reserves				
	Less : Miscellaneous Expenditure	-	-	4.32	4.32
	Less : Profit and Loss (Debit Balance)	**(49.96)**	26.64	3.67	3.67
		(49.96)	(26.64)	(7.99)	(7.99)
G	Net Worth (F1 + F2)	450.04	**473.36**	**92.01**	**92.01**

ANNEXURE – 20

X. MULTILINK INFOTECH PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 31st March	
		2005	**2004**
A	**Fixed Assets:**		
	Gross Block	-	-
	Less: Depreciation	-	-
	Net Block	**-**	**-**
B	Investments	-	-
C	Current Assets, Loans and Advances		
	Sundry Debtors	-	635.20
	Cash and Bank Balances	234.88	215.98
	Loans and Advances	303.67	323.41
		538.55	**1174.59**
D	Liabilities and Provisions		
	Current Liabilities and Provisions	**2.76**	**637.90**
E	Net Worth (A+B+C-D)	**535.79**	**536.69**
F	**Represented by**		
	1. Share Capital	500.00	500.00
	2. Reserves	37.04	38.19
	Less: Miscellaneous Expenditure	1.25	1.50
		35.79	**36.69**
	Net Worth (F1 + F2)	**535.79**	**536.69**

ANNEXURE – 20

X. MULTILINK INFOTECH PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the Year Ended 31st March	
	2005	**2004**
Income		
Assessment Tax Received	3795.23	1517.60
Interest Received	6.47	1.25
Total Income	**3801.70**	**1518.85**
Expenditure		
Assessment Tax Paid	3515.89	1517.60
Insurance	273.41	-
Administration Expenses	13.55	16.50
Total Expenditure	**3802.85**	**1534.10**
Profit before Tax	**(1.15)**	**(15.25)**
Less: Provision for Tax	-	-
Profit after Tax	**(1.15)**	**(15.25)**

ANNEXURE – 20

XI. SHESHAN HOUSING & AREA DEVELOPMENT ENGINEERS PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the period ended 30/11/2006	For the Year Ended 31st March		
		2006	2005	2004
Income				
Other Income	**2.00**	-	-	-
Increase / (Decrease) in Inventory	**1537.43**	-	-	-
Total Income	1539.43	-	-	-
Expenditure				
Cost of Construction	**1537.43**	-	-	-
Administrative Expenses	**25.32**	18.65	-	-
Preliminary Expenses Written Off	**-**	4.32		
Total Expenditure	1562.75	**22.97**	**-**	**-**
Net Profit before Tax	(23.32)	**(22.97)**	**-**	**-**
Less: Provision for Tax	**-**	-	-	-
Net Profit after Tax	(23.32)	**(22.97)**		

ANNEXURE – 20

XII. TDR PROPERTIES PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at	As at 31st March				
		30/11/2006	**2006**	**2005**	**2004**	**2003**	**2002**
A	**Fixed Assets:**						
	Gross Block		-	-	-	-	-
	Less: Depreciation		-	-	-	-	-
	Net Block		-	-	-	-	-
B	Investments	12782.98	**13405.94**	**17946.08**	**3.13**	**3.13**	**3.13**
C	Current Assets, Loans and Advances						
	Inventories		-	-	-	-	10917.46
	Sundry Debtors		-	-	-	1182.59	-
	Cash and Bank Balances	**269.99**	864.02	263.65	736.12	822.00	1524.66
	Loans and Advances	**84.55**	55.42	145.25	10105.70	378.73	298.49
		354.54	**919.44**	**408.90**	**10841.82**	**2383.32**	**12740.61**
D	Liabilities and Provisions						
	Unsecured Loans	**9327.08**	9120.18	17776.95	10000.00	243.46	2724.19
	Current Liabilities and Provisions	**46.02**	147.62	6.03	281.49	1582.98	9925.29
		9373.10	**9267.79**	**17782.98**	**10281.49**	**1826.44**	**12649.48**
E	Net Worth (A+B+C-D)	3764.42	**5057.59**	**572.00**	**563.46**	**560.01**	**94.26**
F	**Represented by**						
	1. Share Capital	**500.00**	500.00	100.00	100.00	100.00	95.00
	2. Reserves	**3264.42**	4557.59	472.00	463.46	460.01	-
	Less: Profit and Loss (Debit Balance)	-	-	-	-	-	0.74
		3264.42	**4557.59**	**472.00**	**463.46**	**460.01**	**(0.74)**
G	Net Worth (F1 + F2)	3764.42	**5057.59**	**572.00**	**563.46**	**560.01**	**94.26**

ANNEXURE – 20

XII. TDR PROPERTIES PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the Year Ended 30/11/2006	For the Year Ended 31st March				
		2006	2005	2004	2003	2002
Income						
Sale of Flats	-	-	-	-	19434.00	-
Share of profit from Partnership Firm	-	5459.86	-	-	-	-
Other Income	30.08	-	3.11	71.00	455.10	-
Interest Received	-	-	18.03	53.98	88.79	-
Surplus of society Maint.	-	-	-	7.84	-	-
Total Income	**30.08**	**5459.86**	**21.14**	**132.82**	**19977.89**	**-**
Expenditure						
Construction Cost	-	-	-	-	19179.75	-
Share of Partnership firm written back	622.96					
Administrative expenses	29.32	105.63	7.67	126.95	-	-
Interest Paid	670.97	1268.64	-	-	-	-
Total Expenditure	**1323.25**	**1374.27**	**7.67**	**126.95**	**19179.75**	**-**
Profit before Tax	**(1293.17)**	**4085.59**	**13.47**	**5.87**	**798.14**	**-**
Less: Provision for Tax	-	-	4.93	2.42	337.38	0.74
Profit after Tax	**(1293.17)**	**4085.59**	**8.54**	**3.45**	**460.76**	**(0.74)**

ANNEXURE – 20

XIII. VISHAL NIRMAN (INDIA) PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 30/11/2006	As at 31st March				
			2006	2005	2004	2003	2002
A	**Fixed Assets:**						
	Gross Block	-	-	-	37.48	144.25	1283.39
	Less: Depreciation	-	-	-	37.48	98.00	74.48
	Net Block	-	-	-	-	**46.25**	**1208.91**
B	Investments	-	-	-	-	-	-
C	Current Assets, Loans and Advances						
	Inventories	**4130.86**	1888.45	1795.85	1795.86	1795.86	1795.85
	Sundry Debtors	**-**	-	-	-	613.15	910.72
	Cash and Bank Balances	**187575.99**	317.65	23.96	56.93	155.61	9.85
	Loans and Advances	**2013516.47**	-	-	571.20	50.41	191.98
		2205223.32	**2206.10**	**1819.81**	**2423.99**	**2615.03**	**2908.40**
D	Liabilities and Provisions						
	Unsecured Loans	**2204225.25**	1276.82	1200.00	1646.86	1646.86	1646.86
	Current Liabilities and Provisions	**51.72**	21.33	1.10	150.18	468.05	2019.59
		2204276.97	**1298.15**	**1201.10**	**1797.04**	**2114.91**	**3666.45**
E	Net Worth (A+B+C+D)	946.35	**907.95**	**618.71**	**626.95**	**546.37**	**450.86**
F	**Represented by**						
	1. Share Capital	**500.00**	500.00	202.00	202.00	202.00	202.00
	2. Reserves	**446.35**	407.95	416.71	424.95	344.37	248.86
G	Net Worth (F1 + F2)	946.35	**907.95**	**618.71**	**626.95**	**546.37**	**450.86**

ANNEXURE – 20

XIII. VISHAL NIRMAN (INDIA) PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the period ended 30/11/2006	For the Year Ended 31st March				
		2006	2005	2004	2003	2002
Income						
Building Maintenance Charges Received		-	-	448.78	1795.13	-
Interest Received		-	-	-	11.59	-
Work Contract Received & Other Income		-	-	-	-	4337.77
Other Income	**63.74**	-	1.17	-	-	-
Increase / (Decrease) in Inventory	2242.41	92.59	-	-	-	-
Total Income	2306.15	**92.59**	**1.17**	**448.78**	**1806.72**	**4337.77**
Expenditure						
Cost of Construction	**2242.41**	92.59	-	-	-	2628.52
Administrative expenses	**5.84**	8.76	9.41	300.37	1656.21	1400.26
Total Expenditure	2248.25	**101.35**	**9.41**	**300.37**	**1656.21**	**4028.78**
Profit before Tax	57.90	**(8.76)**	**(8.24)**	**148.41**	**150.51**	**308.99**
Less: Provision for Tax	**19.50**	-	-	67.84	55.00	117.69
Profit after Tax	38.40	**(8.76)**	**(8.24)**	**80.57**	**95.51**	**191.30**

ANNEXURE – 20

XIV. VISHAL TEKNIKS (CIVIL) PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 30/11/2006	As at 31st March				
			2006	2005	2004	2003	2002
A	**Fixed Assets:**						
	Gross Block	5544.89	5544.89	5645.53	5454.76	392.67	399.29
	Less: Depreciation	903.68	743.19	609.43	540.21	300.09	275.46
	Net Block	**4641.21**	**4801.70**	**5036.10**	**4914.55**	**92.58**	**123.83**
B	Investments	383.48	**383.48**	**383.48**	**383.48**	**5645.29**	**0.73**
C	Current Assets, Loans and Advances						
	Inventories	**19571.03**	88060.40	32980.71	16305.72	24463.75	14540.06
	Sundry Debtors	**-**	-	-	-	4327.38	22979.34
	Cash and Bank Balances	**373.22**	31.40	86.78	113.85	55.49	39.25
	Loans and Advances	**33285.41**	14353.43	18827.78	33960.58	8759.49	8035.62
		53229.66	**102445.23**	**51895.27**	**50380.15**	**37606.11**	**45594.27**
D	Liabilities and Provisions						
	Secured Loans	**-**	50000.00	25288.98	-	15496.10	28661.71
	Unsecured Loans	**-**	32312.15	8472.58	40060.38	12864.06	-
	Current Liabilities and Provisions	**28836.76**	20387.79	21713.96	14187.90	11878.74	14045.58
		28836.76	**102699.94**	**55475.52**	**54248.28**	**40238.90**	**42707.29**
E	Deferred Tax Liability	130.18	82.49	**-**	**-**	**-**	**-**
F	Net Worth (A+B+C-D-E)	29287.41	**4847.98**	**1839.33**	**1429.90**	**3105.08**	**3011.54**
G	**Represented by**						
	1. Share Capital	**500.00**	500.00	100.00	100.00	100.00	100.00
	2. Reserves	**28787.41**	4347.98	1739.33	1329.90	3005.08	2911.52
H	Net Worth (G1 + G2)	29287.41	**4847.98**	**1839.33**	**1429.90**	**3105.08**	**3011.54**

XIV. VISHAL TEKNIKS (CIVIL) PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	For the period ended 30/11/2006	For the Year Ended 31st March				
		2006	2005	2004	2003	2002
Income						
Sales	111650.00	24100.00	-	14800.00	3384.25	30816.50
Rent From Leased Assets	700.00	1050.00	787.50	-	-	0.00
Other Income	**472.35**	591.63	235.73	46.36	298.96	10.00
Interest Received	**742.17**	-	-	-	-	146.62
Increase / (Decrease) in stock in Trade	**(68489.37)**	55079.69	16675.00	(202.30)	1146.95	(27489.93)
Total Income	45075.15	**80821.32**	**17698.23**	**14644.06**	**4830.16**	**3483.19**
Expenditure						
Cost of Construction	**5281.14**	75465.28	16675.00	16305.72	4672.83	3146.25
Administrative expenses	**489.47**	341.29	390.50	13.23	-	-
Selling Expenses	**1315.67**	1797.61	-	-	-	-
Interest	**935.63**					
Total Expenditure	8021.91	**77604.18**	**17065.60**	**16318.95**	**4672.83**	**3146.25**
Profit before Tax	37053.24	**3217.14**	**632.73**	**(1674.89)**	**157.33**	**336.94**
Less: Provision for Tax	**12566.12**	526.00	223.30	0.28	63.76	133.59
Less: Provision for Tax-Deferred Tax	**47.69**	84.45	-	-	-	-
Profit after Tax	24439.43	**2606.69**	**409.43**	**(1675.17)**	**93.56**	**203.34**

ANNEXURE – 20

XV. VAISHNAVI BUILDERS AND DEVELOPERS PRIVATE LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in '000)

	Particulars	As at 30/11/2006	As at 31st March 2006
A	**Fixed Assets:**	**-**	**-**
	Gross Block	-	-
	Less: Depreciation	-	-
	Net Block	-	-
B	Investments	**-**	**-**
C	Current Assets, Loans and Advances		
	Inventories	32423.08	26918.30
	Cash and Bank Balances	189.05	624.07
	Loans and Advances	50.00	2398.05
		32662.13	**29940.42**
D	Liabilities and Provisions		
	Unsecured Loans	30649.16	27743.21
	Current Liabilities and Provisions	2449.40	2628.59
		33098.46	**30371.80**
E	Net Worth (A+B+C-D)	**(436.43)**	**(431.38)**
F	**Represented by**		
	1. Share Capital	500.00	500.00
	2. Reserves	-	-
	Less : Miscellaneous Expenditure	-	-
	Less: Profit and Loss (Debit Balance)	936.43	931.38
G	Net Worth (F1 + F2)	**(436.43)**	**(431.38)**

Note :
Profit and loss account has not been drawn by the Subsidiary for the year ended 31st March, 2006

ANNEXURE – 20

XV. VAISHNAVI BUILDERS AND DEVELOPERS PRIVATE LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in '000)

Particulars	**For the period ended 30/11/2006**	**For the period ended 31/03/2006**
Income		
Interest Received	4.78	-
Increase / (Decrease) in Inventory	5504.79	-
Total Income	**5509.57**	**-**
Expenditure		
Cost of Construction	**5504.79**	**-**
Administrative Expenses	**9.82**	**-**
Total Expenditure	**5514.61**	**-**
Profit before Tax	**(5.04)**	**-**
Less : Provision for tax		-
Profit after Tax	**(5.04)**	**-**

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

The Company's financial statements are prepared in conformity with Indian GAAP on an annual basis. No attempt has been made to reconcile any of the information given in this Red Herring Prospectus to any other principles or to base it on any other standards.

The areas in which differences between Indian GAAP vis-à-vis U.S. GAAP could be significant to the Company's consolidated balance sheet and consolidated statement of profit and loss are summarised below. Potential investors should not construe the summary to be exhaustive or complete and should consult their own professional advisers for their fuller understanding and impact on the financial statements set out in this Red Herring Prospectus.

Further, the Company has not prepared financial statements in accordance with U.S. GAAP. Accordingly, there can be no assurance that the summary is complete, or that the differences described would give rise to the most material differences between Indian GAAP and U.S. GAAP. In addition, the Company cannot presently estimate the net effect of applying U.S. GAAP on the results of the Company's operations or financial position, which may result in material adjustments when compared to Indian GAAP.

S.No.	Particulars	Indian GAAP	U.S. GAAP
1.	Contents and Form of financial statements	Companies are required to present balance sheets and profit and loss accounts for two years along with the relevant accounting policies and notes. Additionally all listed companies (including companies in the process of getting listed) and or having turnover greater than Rs.500 million are required to present cash flow statements. A statement of stockholder's equity is not presented. There is no standard requirement for a comprehensive income statement. The format of the financial statements especially the Balance sheet and Profit and loss account are generally in accordance with the norms as per Schedule VI of the Companies Act, 1956.	Companies are required to present balance sheets, statements of operations, statements of cash flows and statements of changes in stockholders equity for two years along with the relevant accounting policies and notes. Public companies are required to present statements of operations, statements of cash flows and statements of changes in stockholders equity for three years. They need not present the balance sheet for the third year. A statement of comprehensive income (comprising primarily of unrealized gains and losses) is required and is generally presented as part of stockholder's equity. No specific format for the financial statements is mandated items of balance sheet are generally presented in the decreasing order of liquidity with current and non-current classification. Income statements are presented as single or multi-step format where expenditures are presented by function.
2.	Changes in accounting policies	The effect of a change in accounting policy must be recorded in the income statement of the period in	The effect of a change in accounting policy is generally included (net of taxes) in the current year income statement, after extra ordinary items.

S.No.	Particulars	Indian GAAP	U.S. GAAP
		which the change is made except as specified in certain standards where the change resulting from adoption of the standard has to be adjusted against opening retained earnings.	Pro-forma comparatives reflecting the impact of the change is generally disclosed.
3.	Correction of errors	The effect of correction of errors must be included in the current year income statement with appropriate disclosure as a prior period item.	The correction of material errors usually results in the restatement of relevant prior periods.
4.	Consolidation and Joint Ventures	In accordance with AS 27, “Financial reporting of Interests in joint ventures” the venturer recognizes in its separate and consolidated financial statements its share of jointly controlled assets, any liabilities it has incurred, its share of any liabilities incurred jointly with other venturers in relation to the joint venture, any income from sale or use of its share of output of the joint venture, together with its share of expenses incurred by joint venture and any expenses which it has incurred in respect of interest in joint venture. There is no specific guidance with respect to Variable Interest Entities. For financial statements, disclosure is required for the share of interest in the Joint Venture.	Investment in Joint Ventures is generally accounted for under the equity method of accounting. Companies are required to evaluate if they have any interest in Variable Interest, Entities, as defined by the standard. Consolidation of such entities may be required if certain conditions are met.
5.	Business Combinations	Restricts the use of pooling of interest method to circumstances which meet the criteria listed for an amalgamation in the nature of a merger. In all other cases, the purchase method is used.	Business combinations are accounted for by the purchase method only (except as discussed below). Several differences can arise in terms of date of combination, calculation of share value to use for purchase price, especially if the Indian GAAP method is ‘amalgamation’ or pooling. In the event of combinations of entities under common control, the

S.No.	Particulars	Indian GAAP	U.S. GAAP
			accounting for the combination is done on a historical cost basis in a manner similar to a pooling of interest for all periods presented.
6.	Goodwill	Goodwill is computed as the excess of the purchase price over the carrying value of the net assets acquired. Goodwill is tested for impairment annually for the following categories of enterprises. a) Enterprises whose equity or debt securities are listed on a recognized stock exchange in India, and enterprises that are in the process of issuing equity or debt securities that will be listed on a recognized stock exchange in India as evidenced by the board of directors' resolution in this regard, or b) All other commercial, industrial and business reporting enterprises, whose turnover for the accounting period exceeds Rs.500 million (Applicable for financial years beginning on April 1, 2005 for other than listed companies). In all other cases, Goodwill is capitalized and amortized over its useful life.	Goodwill is computed as the excess of the purchase price over the fair value of the net assets acquired. Goodwill is not amortized but, tested for impairment annually.
7.	Negative Goodwill (i.e. the excess of the fir value of net assets acquired over the aggregate purchase consideration)	Negative goodwill is computed based on the book value of assets (not the fair value) of assets taken over / acquired and is credited to the capital reserve account, which is a component of shareholders' funds.	Negative goodwill is allocated to reduce proportionately the fair value assigned to non-monetary assets. Any remaining excess is considered to be an extraordinary gain.
8.	Intangible assets	Intangible assets are capitalized if specific criteria are met and are amortized over their useful life, generally not exceeding 10 years. The recoverable amount of an intangible asset	When allocating purchase price of a business combination, companies need identify and allocate such purchase price to intangible assets, based on specific criteria. Intangibles that have an indefinite useful life are required to be tested, at least

S.No.	Particulars	Indian GAAP	U.S. GAAP
		that is not available for use or is being amortized over a period exceeding 10 years should be reviewed at least at each financial year end even if there is no indication that the asset is impaired.	annually, for impairment. Intangible assets that have finite useful life are required to be amortized over their estimated useful lives.
9.	Construction Contracts	Contract revenue and contract costs of a construction contract should be recognized as revenue and expenses by reference to the stage of completion of the contract, when the outcome of that contract can be estimated reliably, i.e. the percentage-of-completion method. If the outcome of a contract cannot be estimated reliably, revenue should be recognized only to the extent that it is probable the contract costs incurred will be recoverable. Contract costs should be recognized as an expense in the period in which they are incurred, and any expected excess of total contract costs over total revenue for the contract should be recognized as an expenses immediately. Requires contracts to be combined when part of a package, or segregated when each contract is part of a separate proposal and when revenues & costs can be clearly identified.	The percentage-of-completion method and the completed-contract method are acceptable methods of accounting. The percentage-of-completion method is recommended when estimates of costs to complete and extent of progress toward completion of long term contracts are reasonably dependable. Where estimates of costs to completion and the extent of progress towards completion cannot be determined with reasonable certainty, revenue is recognized only when the contract is completed or substantially completed. Losses are recognized when incurred or when the expected contract costs exceed the expected contract revenue, regardless of which accounting method is used. Combining contracts is permitted but not required.
10.	Segment Information	Segmental disclosures are required to be given by all public companies (listed or in the process of getting listed), banks, financial institutions, entities carrying on insurance business and enterprises having turnover above Rs.500 million or borrowings above Rs.100 million Specific requirements govern the format and content of a reportable segment and the	Public companies are required to report information about operating segments in annual financial statements and selected information about operating segments in interim financial reports issued to shareholders. There are requirements for related disclosures about products and services, geographic areas, and major customers. Operation segments are components of an enterprise about which separate financial information is available

S.No.	Particulars	Indian GAAP	U.S. GAAP
		basis of identification of a reportable segment. The information for disclosure is to be prepared in conformity with the accounting standards used for the company as a whole.	that is evaluated regularly by the Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments.
11	Dividends	Dividends are reflected in the financial statements of the year to which they relate even if proposed or approved after the year end.	Dividends are accounted for when approved by the board / shareholders. If the approval is after year end, the dividend is not considered to be a subsequent event that needs to be reflected in the financial statements.
12.	Property, Plant and Equipment, Depreciation and Capitalization of borrowing costs.	Fixed assets are recorded at the historical costs or revalued amounts. Foreign exchange gains or losses relating to the procurement of property, plant and equipment can be capitalized as part of the asset. Depreciation is recorded over the asset's useful life. Schedule XIV of the Companies Act prescribes minimum rates of depreciation and typically companies use these as the basis for useful life. Interest cost on specified or identifiable borrowings is capitalized to qualifying assets during its construction period.	Revaluation of fixed assets is not permitted under US GAAP. All foreign exchange gains or losses relating to the payables for the procurement of property, plant and equipment are recorded in the income statement. Depreciation is recorded over the asset's useful life. Therefore the useful life may be different from the useful life based on Schedule DIV. The interest cost, if material, eligible for capitalization shall be the interest cost recognized on borrowings and other obligations. The amount capitalized is an allocation of the interest cost incurred during the period required to complete the asset. The interest rate for capitalization purposes is to be based on the rates on the company's outstanding borrowings.
13.	Inventory	Measured at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Reversal (limited to the amount of original write down) is required for a subsequent increase in value	Measurement is done at lower of cost or market. Market value is defined as being current replacement cost subject to an upper limit of net realizable value (i.e. estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal) and a lower limit of net realizable value less a normal profit margin. Reversal of a write down is

S.No.	Particulars	Indian GAAP	U.S. GAAP
		of inventory previously written down.	prohibited, as a write down creates a new cost basis.
14.	Impairment of assets, other than goodwill	Applicable for accounting periods beginning from April 1, 2004 onwards for: a) Enterprises whose equity or debt securities are listed on a recognized stock exchange in India, and enterprises that are in the process of issuing equity or debt securities that will be listed on a recognized stock exchange in India as evidenced by the board of directors' resolution in this regard, or b) All other commercial, industrial and business reporting enterprises, whose turnover for the accounting period exceeds Rs.500,000 thousand (Applicable for financial years beginning on April 1, 2005 for other than listed companies). If impairment is indicated, the assets must be written down to higher of net selling price and the value in use based on discounted cash flows.	An impairment analysis is performed if impairment indicators exist. An impairment loss shall be recognized only if the carrying amount of a long-lived asset (asset group) is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value (which is determined based on discounted cash flows).
15.	Pension / Gratuity / Post Retirement Benefits	The liability for defined benefit plans like gratuity and pension is determined as per actuarial valuation. There is no defined method of expense determination, the discount rate determination criteria, and guidance for valuation of plan assets and the choice is left to the discretion of actuary. Actuarial gains or losses are recognized immediately in the statement of income.	The liability for defined benefit schemes is determined using the projected unit credit actuarial method. The discount rate for obligations is based on market yields of high quality corporate bonds. The plan assets are measured using fair value or using discounted cash flows if market prices are unavailable. If at the beginning of the year, the actuarial gains or losses exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets, then such amount is not recognized immediately but amortized over the average remaining service period of

S.No.	Particulars	Indian GAAP	U.S. GAAP
			active employees expected to receive benefits under the plan.
16.	Leases	Leases are classified as finance or operating in accordance with specific criteria. Judgment is required to determine if the criteria are met or not.	The criteria to classify leases as capital or operating include specific quantitative thresholds.
17.	Deferred Taxes	Deferred tax asset / liability is distinguished from assets and liabilities representing current tax and is classified as long term. The tax rate applied on deferred tax items is the substantively enacted tax rate.	Deferred tax asset / liability is classified as current and long-term depending upon the timing difference and the nature of the underlying asset or liability. The tax rate applied on deferred tax items is the enacted tax rate.
18.	Revenue Recognition	Revenue is recognized when performance is complete. Reasonable assurance exists regarding measurement and collectability	Revenue is not recognized until they are realized and earned. Revenue need not be recognized, if there is a significant uncertainty concerning collection
19	Real Estate Sales	Guidance note recently issued by the ICAI on "Recognition of revenue for Real Estate Developers, recommends the principles while recognizing the income arising from real estate sales. Guidance note recommends the recognition of Revenue once the seller has transferred to the buyer all significant risks and rewards of ownership and the seller retains no effective control of the real estate to a degree usually associated with ownership, no significant uncertainty exists regarding the amount of consideration that will be derived and it is not unreasonable to expect ultimate collection. Once the seller has transferred all the risks and rewards of ownership to the buyer after satisfying the conditions mentioned in the foregoing para, any further acts on real estate performed by the seller are in substance performed on behalf of the	For retail land sales, this Statement requires that the seller's receivables from the land sales be collectible and that the seller have no significant remaining obligations for constructions or development before profits are recognized by the full accrual method. Other sales in retail land sales projects are to be reported under either the percentage-of-completion or the installment method, for which the Statement establishers criteria based on the collectibility of the seller's receivables from the land sales and the sellers remaining obligations. For other sales of real estate, this statement provides for profit recognition by the full accrual and several other methods, depending on whether a sale has been consummated, the extent of the buyer's investment in the property being sold, whether the seller's receivable is subject to future subordination, and the degree of the seller's continuing involvement with the property after the sale.

S.No.	Particulars	Indian GAAP	U.S. GAAP
		buyer in the manner similar to a contractor and in such a case, the revenue should be recognized on proportionate basis as the acts are performed by applying the "Percentage Completion Method" in the manner explained in Accounting Standard (AS7), "Construction Contracts".	

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

In this section, unless the context otherwise requires, all financial information is presented on a consolidated restated basis, and relates to Akruti Nirman Ltd. and its subsidiaries taken as a whole. The following discussion and analysis is derived from and should be read together with the consolidated restated financial statements of our company and our subsidiaries as at and for the years ended March 31, 2003, 2004, 2005 and 2006 and as of and for the eight months ended November 30, 2006, included elsewhere in this Red Herring Prospectus. Our financial statements included elsewhere herein, from which this discussion is derived, were prepared in accordance with Indian GAAP, which differs in certain significant respects from U.S. GAAP. For a discussion of the principal differences between Indian GAAP and U.S. GAAP as applicable to our company and our subsidiaries, see "Summary of Significant Differences Between Indian GAAP and U.S. GAAP" on page 266.

Our consolidated financial statements as of and for the eight months ended November 30, 2006 have been audited jointly by Dalal & Shah and Viral D. Doshi & Co. Our consolidated financial statements as of and for the years ended March 31, 2005 and 2006 were audited by audit firm Viral D. Doshi & Co. Audit firm Kamal Matalia & Co., which is no longer in existence, audited our and our subsidiaries' respective non-consolidated financial statements as of and for the years ended March 31, 2002, 2003 and 2004 prior to their restatement and consolidation for conformance with provisions of the Companies Act and the SEBI guidelines. The consolidation and restatement of our financial statements as of and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and as of and for the eight months ended November 30, 2006 has been examined by Dalal & Shah and by Viral D. Doshi & Co., our joint statutory auditors, for conformance with provisions of the Companies Act and the SEBI guidelines, placing reliance on the audit reports delivered byaudit firm Kamal Matalia & Co.

Overview of our Company

We are a real estate development company 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. In our commercial business line, we build, lease and sell commercial office space, including office towers and information technology parks, with a focus on properties attractive to the information technology, information technology enabled services ("ITES") and business processing outsourcing ("BPO") industries and large multinational companies. In our residential business line, we develop multi-unit residential apartment buildings with residences ranging from one bedroom flats to higher end, five bedroom residences. In our new retail business line, we are currently developing our first six shopping malls which contain space for retail units, food courts, banquet halls and restaurants, in which we intend to lease space to retailers upon their completion. A key focus area of our business has been real estate development on slum rehabilitation land.

As described below, prior to April 1, 2006 we followed, and the financial statements for the five years ended March 31, 2006 presented in this Red Herring Prospectus reflect, the completed building project method of revenue recognition. Based on this method, our income was Rs. 560.51 million, Rs. 525.95 million, Rs. 686.90 million and Rs. 2,052.82 million for the years ended March 31, 2003, 2004, 2005 and 2006, respectively, and our profit after tax and exceptional items in those years was Rs. 127.03 million, Rs. 81.83 million, Rs. 131.90 million and Rs. 633.09 million, respectively. From April 1, 2006, in response to a guidance note on revenue recognition issued by the ICAI, we have adopted the percentage of completion method of revenue recognition. Our financial statements for the eight months ended November 30, 2006 presented in this Red Herring Prospectus reflect this method, and our income and profit after tax and exceptional items for the period was Rs. 740.84 million and Rs. 145.57 million, respectively. Under the previous method, our income and profit after tax and exceptional items for the eight months period would have been Rs. 536.55 million and Rs. 81.11 million respectively. Owing to the unavailability of the required data, we have been unable to restate any period prior to April 1, 2006 to reflect the change in our revenue recognition policy.

Significant Factors Affecting Our Financial Condition and Results of Operations

A number of general factors affected our financial condition and performance during the years ended March 31, 2003, 2004, 2005 and 2006 and the eight month period ended November 30, 2006 and may continue to affect our financial condition and performance in the future. These principal factors affecting us are discussed below.

Market Variations in Prices for our Properties

The prices of our properties are determined principally by market forces of supply and demand. We price our sales and rental properties by reference to market rates for similar types of properties in their locality. The sales and rental prices of our properties will therefore depend on the location, number, square footage and mix of properties we sell or rent during each fiscal period, and on prevailing market supply and demand conditions at the time we complete development of our real estate projects.

Supply and demand conditions in the real estate market in Mumbai, and hence the prices we may charge for our properties, are affected by various factors outside our control, including prevailing local economic, income and demographic conditions, interest rates available to purchasers requiring financing, the availability of comparable properties completed or under development, changes in governmental policies relating to zoning and land use, changes in applicable governmental schemes relating to slum rehabilitation, and competition from other local real estate development firms. Supply and demand conditions in the real estate market outside Mumbai may be affected by additional circumstances, including general economic, income and demographic conditions in India, local governmental policies and regulation, and competition from national or regional real estate development firms.

Sales Volume and Rate of Progress of Construction and Development

Until March 31, 2006 we followed the completed building project method of revenue recognition. Under this method, we recognized revenue from sales only when construction of the relevant building was completed, an occupation certificate was issued, and the premises were sold. As a consequence, our results of operations were dependent on the number of properties we completed and had available for sale and delivery to customers in each fiscal period. Since the number of projects that we complete and have available for sale can vary significantly from period to period and we cannot predict with certainty the time of the completion of our real estate developments, our income and profits under the completed building project method of revenue recognition were susceptible to significant variations. In light of the above, the fiscal years discussed in our financial statements included in this Red Herring Prospectus may not be comparable to each other. In addition, they will not be comparable to periods after March 31, 2006, because of the change in our revenue recognition policy.

With effect from April 1, 2006 we have adopted the percentage completion method of revenue recognition. Under this method, 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 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. This revenue recognition policy is applicable to developments that we intend to sell and for which we have entered into a sale agreement prior to completion of construction; it is not applicable to developments that we intend to lease. We believe that under the new revenue recognition policy our sales revenues are likely to be less volatile than under the old policy to some extent.

We also receive lease income, consisting of income from rental of our commercial real estate developments to third parties. Upon completion of our six retail projects currently under development, we intend to lease or sell such properties to third parties. Our lease income will depend on the willingness and ability of our commercial and retail tenants to pay rent at the levels that we determine are profitable to us.

Participation in Slum Rehabilitation Schemes in Effect in Mumbai

We are substantially dependent on our participation in the slum rehabilitation schemes currently in effect in Mumbai to obtain suitable urban development sites in Mumbai. Of the nearly 5.0 million square feet of building area that we have developed to date in India, approximately 4.8 million square feet, or approximately 97%, 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 157 apartment buildings in Mumbai to house slum dwellers, comprising over 9,400 apartments. As compensation for the construction of this housing, we have received development rights from the Government of Maharashtra ("GOM") over urban land in the cleared former slums, or transferable development rights ("TDRs") for the construction of buildings elsewhere in Mumbai which we may use in connection with our other projects or may sell to other developers. We currently have approximately 9,200 additional apartments for slum dwellers currently under construction and another 8,100 in the planning stage, pursuant to the slum rehabilitation schemes currently in effect in Mumbai.

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-time land purchase costs at the beginning of each project in order to acquire development rights over the slum land we redevelop. As we do not pay for the purchase of development rights over cleared former slum land (except by virtue of the costs we incur in the construction of new, permanent housing for slum dwellers), we are able to develop such land at comparatively low cost and also do not assume risk that land, once purchased, cannot be developed. Similarly, our use of slum rehabilitation projects to obtain building rights over urban land also provides us a measure of protection against future increases in land purchase prices in Mumbai. As a result, our land acquisition costs and results of operations could be materially adversely affected by any changes to, or the termination of, the slum rehabilitation schemes currently in effect in Mumbai.

Income from Sales of TDRs

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, or Floor Space Index ("FSI"), of completed buildings we may construct on lots, calculated as a ratio of land area to building area. In place of development rights over cleared former slum land, we also occasionally receive TDRs from governmental agencies as compensation for our developing permanent housing for slum dwellers pursuant to the slum rehabilitation schemes currently in effect in Mumbai. TDRs permit developers to build additional building square footage on lots of their choosing, subject to zoning and other restrictions, beyond that otherwise permitted by the applicable FSI for such lot.

There is an active market in Mumbai for the sale of TDRs, which are freely transferable between developers. At times we own a significant amount of TDRs, which we have acquired primarily as a result of our extensive involvement in slum rehabilitation projects. Outside of our slum rehabilitation efforts, we also have performed certain development projects, such as 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. During the years ended March 31, 2003 and 2005 and in the eight month period ended November 30, 2006, we did not sell TDRs to any third parties. In the years ended March 31, 2004 and 2006, we derived significant revenue from the sale to other developers of TDRs, representing income of Rs. 67.86 million and Rs. 354.57 million, respectively, and may make additional sales of TDRs in future years. We have signed a memorandum of understanding to acquire TDRs from a third party for an aggregate cash price of Rs.1,134 million. This transaction is dependent on the third party being granted TDRs by the GOM. The GOM rejected the TDR application in 2001, and the issue has been under appeal since 2003; therefore, there is uncertainty as to whether the TDRs will be granted by the GOM. For further details, see "History and Certain Corporate Matters" on page 115 of this Red Herring Prospectus. If the TDRs are granted to the third party by the GOM and we acquire the TDRs, we may choose to sell the TDRs in the market if market conditions for such sales are favourable. These transactions could have a significant impact on our financial statements in the year(s) in which they occur and our costs of TDR acquisition, and our income from TDR sales as a proportion of total income, is likely to be higher in those years than in other years. We cannot, however, provide any assurance that these transactions will occur, or that we will be able to sell the TDRs at a price higher than their acquisition cost.

Our ability to derive income from sales of TDRs could also be adversely affected by any adverse changes in applicable planning and land use regulations in Mumbai, such as the regulations which restrict the areas in which TDRs can be used for building purposes, and those that limit the maximum square footage of building space which may be constructed on lots to specific maximum ratios of land area to building area. Also see "Risk Factors -- Our revenues could be adversely affected by changes in the TDR regime in Mumbai".

Prevailing Interest Rates in India

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 rising trend over the last two fiscal years, with the RBI reverse repo rate rising from 4.50% as of March 31, 2004 to 4.75% and 5.50% as of March 31, 2005 and 2006, respectively. The RBI reverse repo rate as of December 31, 2006 was 6.00%.

We finance each of our real estate projects individually, primarily through borrowings from Indian banks which we repay upon the completion of each project. As of November 30, 2006, we had outstanding secured and unsecured loans of Rs. 4,751.98 million, of which Rs. 1,544.43 million was at a floating rate and the balance was at fixed rates. 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.

Changes 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. Interest rates on housing loans have increased by 1% to 1.75% in the current fiscal year.

Economic, Income and Demographic Conditions in India

We perform all of our real estate development activities in India, all of our projects are located in India, and the predominant portion of our customers are Indian companies or Indian nationals. As a result, our results of operations are significantly affected by factors influencing the Indian real estate development industry and the Indian economy generally. Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business and financial performance. For example, our management believes that demand for our real estate developments may be substantially affected by future economic conditions in key sectors of the Indian economy, such as information technology, biotechnology research and development, call centre support and outsourcing. If growth is sustained in these sectors, our management believes that such growth may drive demand for new commercial real estate projects to accommodate business expansion, and that any resulting increase in the number of and disposable incomes of employees of such businesses may drive demand for new residential and retail properties to cater to the housing and shopping needs of persons employed by such businesses.

Tax Benefits in India with Regard to Real Estate Development

We receive certain favorable tax treatment in respect of our completed real estate developments, which tax treatment is significant in terms of our results of operations. This tax treatment includes the following tax benefits and concessions in respect of our business activities:

- We are subject only to minimum alternate tax ("MAT") on income generated in respect of our developments that qualify as “industrial parks”, rather than otherwise applicable income tax rates, pursuant to the provisions of tax benefits applicable nationally by the GOI pursuant to the Industrial Park Scheme announced on April 1, 2002. Under the Industrial Park Scheme, a developer who has established an industrial park before March 31, 2006 (subsequently extended to March 31, 2009) is granted an income tax deduction for a period of 10 consecutive assessment years with regard to 100% of the profits earned from the development, operation and maintenance of the industrial park. IT parks currently qualify for this tax treatment, if they meet the relevant requirements.

- Income generated from sales of our residential projects qualifies for exemption from otherwise applicable income tax, subject to MAT. Specifically, as per Section 80 IB (10) of the Income Tax Act, 1961, as amended (the "I.T. Act"), residential projects approved by applicable local governmental authorities prior to March 31, 2007 are subject to a 100% deduction from income tax with regards to profits derived from such residential projects, provided the development has a minimum area of one acre and subject to other conditions as specified therein.

- Profits in respect of sales of TDRs relating to projects that fulfill the Section 80 IB (10) criteria described above are also exempt from income taxation, subject only to MAT. These deductions are claimed after computation of gross total income. If our tax liability, calculated after claiming such deductions, is less than our book profit, calculated in accordance with Section 115 JB of the I.T. Act, then we are subject to MAT.

- We have received certain concessions in respect of our IT parks with regards to property taxes levied by the Municipal Corporation of Mumbai, pursuant to which concessions we currently pay only 25% to 50% of otherwise applicable property taxes in respect of our I.T. parks.

Indian tax policies also affect the affordability of our properties to our residential real estate customers, as principal payments (subject to a maximum amount) and interest payments on mortgages for residential properties are deductible up to certain amounts from personal income taxes in India. The continuation of these tax benefits can not be assured, and their non-renewal or elimination may adversely affect our business.

Critical Accounting Policies

We have identified the accounting policies below as significant to our business operations and the understanding of our financial presentation, financial condition and results of operations. A critical accounting policy is one that is both important to the presentation of our financial condition and results of operations and requires our management to make difficult, subjective or complex accounting estimates and assumptions. Our management believes that the following accounting policies involve the application of critical accounting estimates and assumptions. The following is not intended to be a comprehensive list of all our significant accounting policies.

By their nature, these judgments are inherently subject to a degree of uncertainty. These judgments are based on our historical experience, our evaluation of accounting practices that would be appropriate in respect of our slum rehabilitation business for which there are few comparable companies in the Indian market, our observation of trends in the real estate development industry, information with respect to our customers, and information available from independent sources, as appropriate. There can be no assurance that our judgment will prove correct or that actual results reported in future periods will not differ from our expectations reflected in the accounting treatment of certain items. For a more complete summary of our significant accounting policies, see our financial statements included elsewhere in this Red Herring Prospectus.

Revenue Recognition of Sales Income, Lease Income, FSI Generation and TDR Sales

Until March 31, 2006 we followed the completed contract method of revenue recognition all the sale agreement might have been entered into with the buyers prior to completion of construction. Income was recognized in respect of buildings intended for sale, which were mainly our residential developments containing units that we intend to sell, when construction was completed and an occupation certificate for the building was issued by the relevant governmental authority. We recognized pre-sales, i.e., advance payments made by customers to book their units in a building, as an advance against sales (a current liability) on our balance sheet and did not recognize such income in our profit and loss statement as sales income until construction was completed and an occupation certificate was issued by the relevant governmental authority.

In response to the Guidance Note on Recognition of Revenue by Real Estate Developers issued recently by The Council of The Institute of Chartered Accountants of India, we have adopted the percentage of completion method of revenue recognition with effect from April 1, 2006. This method is applicable to properties intended for sale which are under construction as of the reporting date and for which sale agreements have been entered into. We have not given retrospective effect to this change in accounting policy, because such retrospective effect would have required us to identify all incomplete contracts that fulfilled the conditions specified in the guidance note on each of the reporting dates and to determine the stage of completion for all such contracts on each such reporting date. Since during those periods we followed the completed building project method of revenue recognition, the records required for such an exercise are unavailable and an attempt to recast the prior period financial statements would have been highly subjective and difficult to substantiate. As a result, we have not restated any period prior to April 1, 2006 to reflect the change in our revenue recognition policy.

Under the percentage of completion method, revenue from the sale of incomplete properties is recognized based on the 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. We start to recognize revenue only after the work has progressed to the extent of 40% of the total amount of estimated work in the project. Variations in estimates are updated periodically by technical certification. Revenue recognized under this method and the related costs are limited to 90% of the total revenue or the total cost, as applicable, relating to the project, until the construction activity and related formalities are substantially completed. The costs of construction and development are charged to the profit and loss account in proportion to the revenue recognized during the accounting period. The remaining costs are carried on the balance sheet as part of work-in-progress under inventories. Amounts receivable or payable are reflected as debtors or advances from customers, as applicable, after recognizing revenue as discussed above.

Recognition of revenue relating to agreements entered into with purchasers, which are subject to the fulfillment of obligations or conditions imposed by statutory authorities, is postponed until such obligations or conditions are satisfied.

For the eight month period ended November 30, 2006 we have presented in this Red Herring Prospectus financial statements based on the percentage of completion method. To aid comparability, we have also presented in this section financial information for the eight month period based on the completed contract method.

In respect of premises we lease to third parties, we recognize lease receipts in our income statement on an accrual basis. Therefore, lease receipts relating to a fiscal year, whether received during or after such fiscal year, are credited to such fiscal year's profit and loss account.

When we complete a slum rehabilitation building as part of our SRA or MIDC slum rehabilitation efforts, we recognize as income the value of the floor space index ("**FSI**"), or building area, we have generated as a result of our completion of such rehabilitation building. The area of FSI generated by each rehabilitation building completed is equal to the amount of FSI recognized by the SRA or MIDC, as the case may be, with respect to such building in the applicable Letter of Intent ("**LOI**") amongst ourselves and such agency with regards to the specific slum rehabilitation project. Each such LOI establishes a specific ratio of FSI to be generated for each square foot of rehabilitation building we develop. We determine the notional value of the FSI we generate by reference to an annual publication of the Government of Maharashtra, the "Property Valuation Stamp Duty Ready Reckoner", which establishes, by geographic zone, valuations of properties in the Mumbai area by sellable or lettable area. This publication is generally used in Mumbai to establish the value of properties within each geographic zone of Mumbai for purposes of calculating stamp duties payable in respect of property transfers. To arrive at the amount of income we recognize as a result of our generation of FSI, we multiply the area of FSI generated, as established in each relevant LOI, by the applicable value of such square footage if constructed, as established by the Property Valuation Stamp Duty Ready Reckoner. The difference between the cost of generating the FSI (being the cost of development of the slum rehabilitation building) and the value of the FSI (as calculated using the annually published Property Valuation Stamp Duty Ready Reckoner valuation) is recognized by us as profit/loss.

When we utilize FSI for development of our own sale or lease buildings, which we sell or lease to third parties, we recognize the value of the FSI used by us (as calculated using the annually published Property Valuation Stamp Duty Ready Reckoner valuation) as a cost and debit such value from our income from sales. Similarly, when we sell FSI to third parties in the form of TDRs, we recognize the difference between the value of the FSI (as calculated using the annually published Property Valuation Stamp Duty Ready Reckoner valuation) and the sale price of the FSI as profit.

Depreciation of Fixed Assets

Applicable provisions of the Companies Act allow us to elect to depreciate our assets using either the written down value method or the straight line depreciation method. We have elected to depreciate our assets using the written down value method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, rather than the straight line depreciation method.

Our fixed assets are stated at cost of acquisition or construction, less accumulated depreciation. Our cost of acquisition reflects the purchase price we pay in respect of fixed assets we purchase. Our cost of construction includes costs of procurement of raw materials (such as steel, cement and ready-mix concrete), land purchase costs, cost of FSI utilized to develop sale properties, payments to construction contractors, professional consultants' fees relating to specific real estate development projects (such as external engineers, architects and project management consultants) and interest cost in respect of borrowings undertaken to finance project development, and sales and promotions expenses in respect of our real estate projects (not including advertising or promotion expenses relating to our company generally). Until recently, we outsourced most of our employees from Citygold Management Services Pvt Ltd, a related party under the control of our promoters, and our cost of construction included amounts paid to Citygold.

Premises leased by us to third parties are treated by us as fixed assets for purposes of depreciation, and are disclosed as "Fixed Assets" (Leased Premises) in our balance sheet in line with AS-19 issued by the ICAI. Depreciation on leased assets is also charged to our profit and loss account using the written down value method.

Inventories

We recognize three types of inventories, comprising work in progress, finished properties and FSI. We value our work in progress at the lower of cost or net realizable value, our finished properties at the lower of cost or net realizable value, and FSI using the annually published Property Valuation Stamp Duty Ready Reckoner valuation (as described above in "—Revenue Recognition of Sales Income, Lease Income, FSI Generation, and TDR Sales"). Work in progress includes costs of incomplete properties for which we have not entered into sale agreements and, with respect to construction contracts, the costs incurred prior to reaching the 40% of estimated cost required under the percentage of completion method. Work in progress also includes initial project costs that relate directly to securing a prospective project.

Until March 31, 2006 we recognized changes in our inventories on an annual basis only at the close of each financial year. Allocable expenses incurred during the year in respect of building construction were thus recognized as works in progress only on the close of each fiscal year, and were debited to our work in progress account only at the close of such financial year. Similarly, if a completed property was not sold during the relevant fiscal year, the property was treated as finished goods and accounted for at the lower of cost or net realizable value at the close of the financial year.

Upon the listing of the Equity Shares, we will be required to prepare our accounts on a quarterly basis, and therefore we will recognize changes in our inventories on a quarterly basis.

Borrowing Costs

A qualifying asset (such as a building) is an asset that necessarily takes a substantial period of time to prepare for its intended use, whether such intended use be occupancy by third parties, lease or sale. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are recognized as part of the cost of such assets. All other borrowing costs are recognized as an expense in the period in which they are incurred, as per AS-16 of ICAI.

As a result, interest cost in respect of borrowings undertaken to finance the development of specific real estate projects are recognized by us as part of our cost of construction as costs relating to the specific real estate development project for which the loan was received, not as finance expenses. We recognize as finance expenses our interest expenses only insofar as they relate to loans received for general working capital purposes (not for purposes of construction of projects).

Staff Costs

Until November 2005, we did not directly employ any employees, and instead outsourced all of our employees from Citygold Management Services, a promoter group company in which we have a 5.41% equity interest. 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.

We classify as staff costs only salary and benefits paid to our direct employees. We do not classify as staff costs amounts paid to Citygold in respect of our outsourced employees (such as architects and project managers), which costs we include in our cost of construction as costs relating to the specific real estate development project on which they performed work.

As a result, our staff costs may be lower, and our cost of construction higher, than other companies with different critical accounting policies. In addition, our historical staff costs are not reflective of our future staff costs as we are currently migrating employees to our company from Citygold.

As of March 31, 2006, we had 68 employees, including 52 professionals and 16 non-professionally qualified staff, whose salaries and benefits are reported as staff costs. As of March 31, 2006, we also utilized on a full-time basis 201 outsourced employees, including 40 professionals and 161 non-professionally qualified staff, all employed by Citygold, whose costs are reflected as costs of construction rather than staff costs.

As of March 31, 2005, we did not directly employ any employees, and utilized on a full-time basis 166 outsourced employees, including 65 professionals and 101 non-professionally qualified staff, all employed by Citygold, whose costs are reflected as costs of construction rather than staff costs.

As of November 30, 2006, we had 101 employees, including 66 professionals and 35 non-professionally qualified staff, whose salaries and benefits we recorded as staff costs. As of November 30, 2006, we also utilized 187 outsourced employees on a full-time basis, including 17 professionals and 170 non-professionally qualified staff, all employed by Citygold, whose costs we recorded as costs of construction rather than staff costs.

Overview of Income and Expenditure

Income

Our income consists of sales and other operating income and other income. Historically, the principal component of our income has been sales and other operating income.

Sales and Other Operating Income

Sales and other operating income consists of income from sales, share of profit from joint venture and partnership firms, and income from leased premises. Historically, the principal component of our sales and other operating income has been income from sales.

Income from sales consists of sales of commercial and residential premises, recognition of FSI generated, profit from the sale of TDRs to third parties and, from April 1, 2006, recognition of revenue from projects under construction based on the percentage of completion method. Share of profit from joint venture and partnership firms consists of our share of the profit of our joint ventures and partnerships with other developers, in proportion to our profit-sharing interest in such joint ventures and partnerships. Income from leased premises consists of rental income (otherwise known as leave and license fees) received from our commercial tenants, which we recognize on an accrual basis. Upon completion of our current retail real estate developments, income from leased premises will also include any income from our retail tenants, also recognized on an accrual basis.

Other Income

Other income consists of interest and other miscellaneous income. Historically, the principal component of our other income has been interest.

Interest represents interest on our short-term deposits with banks, interest on loans made by us to associates and interest derived on customer deposits we hold. Other miscellaneous income includes other recoveries from our customers (such as income from cable and electricity installations performed from our residential customers) and income from other miscellaneous sources, such as sales of left-over scrap building materials.

Expenditure

Our expenditure consists of cost of construction, staff costs, finance expenses, administrative expenses and depreciation. Historically, the principal component of our expenditure has been the cost of construction.

Cost of Construction

Cost of construction includes costs of procurement of raw materials (such as steel, cement and ready-mix concrete), land purchase costs, cost of FSI utilized to develop sale properties (being the cost of development of slum rehabilitation buildings), payments to construction contractors, professional consultants fees relating to specific real estate development projects (such as external engineers, architects and project management consultants, and amounts paid to Citygold in respect of our outsourced employees), interest cost in respect of borrowings undertaken to finance project development, and marketing, sales and promotions expenses in respect of our real estate projects (not including advertising or promotion expenses relating to our Company generally).

Staff Costs

Staff costs consist of salary and benefits paid to our direct employees.

Staff costs do not include amounts paid to Citygold in respect of our outsourced employees, which costs we include in cost of construction as costs relating to the specific real estate development project on which they performed work, rather than as staff costs.

Finance Expenses

Finance expenses consists of our interest expenses in respect of loans borrowed for general working capital purposes (other than for purposes of construction of projects), bank charges for bank guarantees and other banking operations, together with related loan origination and processing charges.

We recognize interest cost in respect of borrowings undertaken to finance the development of specific real estate projects as part of our cost of construction, rather than as finance expenses.

Administrative Expenses

Administrative expenses consist of auditor remuneration, directors' fees, rent paid in respect of any miscellaneous premises we lease from third parties in order to maintain representative or sales offices, filing fees, insurance premiums, losses on sale of fixed assets, advertising and promotion expenses in respect of our company generally (not including advertising or promotion expenses relating to specific real estate development projects), costs relating to the formation of cooperative societies for residential property purchasers, professional fees relating to our company generally (not including professional fees relating to a specific real estate development project), property tax and other expenses.

Depreciation

Depreciation represents depreciation of our fixed assets and of premises leased by us to third parties (which are treated by us as fixed assets for purposes of depreciation). As permitted by the Companies Act, we have elected to depreciate our assets using the written down value method, rather than the straight line depreciation method. Depreciation for the year is provided on the written down value method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Results of Operations

Results of Operations for the Eight Months Ended November 30, 2006

The following table sets forth a summary of our results of operations for the eight months ended November 30, 2006 under the percentage of completion method and, to aid comparability, under the completed building project method. Discussed further below are our results of operations for that period; the discussion is based on the percentage of completion method.

(Rs. In Millions)

Particulars	Percentage of completion method		Completed contract method	
Income		740.84		536.55
Sales and other operating income		726.48		522.19
Other income		14.36		14.36
Expenditure		560. 63		429. 10
Cost of construction		233.24		101.71
Staff costs		36.33		36.33
Finance expenses		129.98		129.98
Administrative expenses		119.69		119.69
Depreciation		41.39		41.39
Purchase of TDR for sale………..	33.60		33.60	
Less: Inventory of TDR for sale	33.60		33.60	
Purchase of TDRs for sale………..		0		0
Profit before tax		180.21		107.45
Taxation and provision for tax		27.59		19.29
Profit after tax		152.62		88.16

Income

Sales and Other Operating Income

Category	
Residential sales	193.06
Commercial sales	238.79
Sales of FSI	-
TDR sales	-
Income from construction contracts	204. 29
Rental income	90.94
Income from JVs/partnerships	(0.62)
Total	**726.48**

Residential sales during the period were Rs. 193.06 million, reflecting the sale during the period of previously completed but unsold units in our Niharika project. Commercial sales were Rs. 238.79 million, reflecting the sale during the period of previously completed but unsold space at Akruti

Centre Point and Akruti Orion. While we generated FSI during the period relating to the completion of two slum rehabilitation buildings at our MIDC project, since the cost of these two buildings was higher than the Property Valuation Stamp Duty Ready Reckoner rate, we did not recognize this FSI as revenue. Income from construction contracts was Rs. 204.29 million, reflecting the commencement and progress of construction of various residential projects in respect of which we have received early bookings. We recognized income from bookings as well as the progress of construction in relation to our residential projects, Akruti Erica and Akruti Elegance – B Wing.

Other Income

Other income for the period was Rs. 14.36 million, consisting of Rs. 10.81 million in interest income and other non-recurring income of Rs. 3.55 million.

Expenditure

Cost of Construction

Our cost of construction for the period was Rs. 233.24 million, which represented 31.48% of our total income. Included in this line item is expenditure of Rs. 33.60 million for the purchase of TDRs that we intend to trade.

Our cost of construction during the period mainly represented site development expenses arising from our initiating new projects and continued construction of our commercial, residential and rehabilitation buildings during the period. During the period we continued the construction of our residential sale buildings, Akruti Erica and Akruti Elegance – B wing. Our cost of construction during the period was lower because of a smaller number of buildings under development compared to prior years. During the period raw material costs, particularly the cost of cement and steel, increased marginally.

Staff Costs

Our staff costs during the period were Rs. 36.33 million. This reflected a greater proportion of personnel employed by us compared to the personnel we outsourced from Citygold. Wage rates continued to increase significantly during the period.

Finance Expenses

Our finance expenses during the period were Rs. 129.98 million, consisting mainly of Rs. 114.78 million of interest on our borrowings.

Administrative Expenses

Our administrative expenses during the period were Rs. 119.69 million, consisting primarily of expenses for advertising, brokerage, legal and professional services and repairs and society maintenance charges.

Depreciation

Depreciation was Rs. 41.39 million for the period, and was mainly attributable to the Akruti Centre Point development.

Profit

Our profit before tax for the period was Rs. 180.21 million (or 24.32% of total income) and profit after tax was Rs. 152.61 million (or 20.60% of total income). During the period we did not claim tax deductions under Section 80- IB(10) because during this period we did not generate income that was eligible for deduction under the section.

Results of Operations for the Four Years Ended March 31, 2006

The following table sets forth a summary of our results of operations for the periods presented. Discussed further below are our results of operations for those periods.

	Fiscal 2003	**Fiscal 2004**	**Fiscal 2005**	**Fiscal 2006**
	(Rs. Million)			
Income	560.51	525.95	686.90	2,052.82
Sales and other operating income	539.65	500.67	674.63	2,032.63
Other income	20.86	25.28	12.27	20.19
Expenditure	420.75	437.95	533.64	1,382.95
Cost of construction	354.56	291.58	334.38	1,215.82
Staff costs	0.30	4.50	4.50	12.91
Finance expenses	40.06	65.77	99.20	66.92
Administrative expenses	18.47	47.19	24.89	39.32
Depreciation	7.36	28.91	70.67	47.98
Profit before tax	139.76	88.0	153.26	669.87
Taxation and provision for tax	12.75	7.40	21.16	31.68
Profit after tax	127.01	80.60	132.10	638.19

Comparison of Year Ended March 31, 2005 and Year Ended March 31, 2006

Income

Sales and Other Operating Income

Category	**Fiscal 2005**	**Fiscal 2006**
Residential sales	146.29	381.52
Commercial sales	277.65	589.31
Sales of FSI	75.63	290.40
TDR sales	-	354.57
Rental income	174.52	105.53
Income from JVs/partnerships	0.54	311.30
Total	**674.63**	**2,032.63**

Our sales and other operating income increased by 201.3%, from Rs.674.63 million for the year ended March 31, 2005 to Rs.2,032.63 million for the year ended March 31, 2006. This increase was attributable primarily to an increase in income from sales and in our share of profit from joint venture and partnership firms, which was partly offset by a decline in rental income.

Residential sales increased because of the completion of two buildings in our Niharika project, as well as the completion of the Akruti Elegance building. Commercial sales increased mainly because of our sale of Akruti Business Port, which was previously a leased property, for Rs.549 million and the sale of a portion of Akruti Orion. We also completed a number of slum rehabilitation buildings during the year, which contributed to our increased recognition of FSI sales. During the year we sold to one of our joint ventures TDRs that had been generated from the Saiwadi rehabilitation project. This sale generated total revenue of Rs.346.60 million for us and our joint venture partner. Rental income during the year declined because we sold Akruti Business Port, which was previously a leased property.

Our increase in share of profit from joint ventures resulted primarily from the completion during the year ended March 31, 2006 of the MMRDA (Mumbai Metropolitan Regional Development Authority) project carried out by the Hiranandani-Akruti JV, 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 the development of this housing, the JV received TDRs, which it sold during the year. Our share of the income from the TDR sale was Rs.280.83 million.

Other Income

Our other income increased Rs. 7.92 million, or 64.55%, from Rs. 12.27 million for the year ended March 31, 2005 to Rs.20.19 million for the year ended March 31, 2006. This increase was attributable mainly to an increase in interest income from delayed payments, higher volume of fixed deposits and increased amounts of loans to associates.

Expenditure

Cost of Construction

Our cost of construction (net of inventory adjustments) increased by Rs. 881.44 million, or 263.60%, from Rs. 334.38 million for the year ended March 31, 2005 to Rs. 1,215.82 million for the year ended March 31, 2006. Our cost of construction as a percentage of total income increased from 48.68% for the year ended March 31, 2005 to 59.23% for the year ended March 31, 2006. Our cost of construction as a percentage of sales from residential buildings, commercial properties, sales of TDRs generated and FSI generation, increased from 66.93% in the year ended March 31, 2005 to 75.25% year ended March 31, 2006.

This increase was attributable primarily to an increase in our site development expenses arising from our initiating new projects, and also in part due to an increase in the square footage of commercial, residential and rehabilitation buildings completed by us during the year ended March 31, 2006 as compared with the year ended March 31, 2005. We continued the construction of slum rehabilitation buildings in the Akruti Central Square and Akruti Central Link projects, slum rehabilitation as well as sale/lease property in the Akruti Centre Point and Niharika projects and our residential sale building Akruti Erica. In the year ended March 31, 2006, raw material costs, particularly the cost of cement and steel, increased, as did VAT and services taxes required to be charged by contractors, compared to the previous fiscal year. We initiated site development in four Mumbai slums - - Mogra Village, Golibar, Hari Nagar and Shivaji Nagar, and commenced construction of a car park tower at Akruti Elite Plaza, the construction costs attributable to which were recorded as work in progress.

Staff Costs

Our staff costs increased from Rs. 4.50 million for the year ended March 31, 2005 to Rs.12.91 million for the year ended March 31, 2006. This increase reflected our directly employing employees for the first time during the year ended March 31, 2006, their employment with us commencing as of November 1, 2005. Previously the staff costs only consisted of directors' remuneration and we had outsourced all of our employees from Citygold, a promoter group company in which we have a 5.41% equity interest, and directly employed no employees of our own. As of March 31, 2006, we employed 68 employees directly, and also outsourced approximately 201 employees from Citygold. By comparison, as of March 31, 2005, we employed no employees directly, and outsourced approximately 166 employees from Citygold. Wage rates increased significantly in the year ended March 31, 2006; we estimate that the average increase in wages was in excess of 20% and the increase in wages of certain categories of technical personnel was over 50%, compared to the year ended March 31, 2005.

Finance Expenses

Our finance expenses decreased by Rs. 32.28 million, or 32.54%, from Rs. 99.20 million for the year ended March 31, 2005 to Rs. 66.92 million for the year ended March 31, 2006. This decrease was attributable primarily to our repayment as of June 28, 2005 of working capital loans relating to Akruti Business Port aggregating approximately Rs. 359.65 million. Finance expenses also decreased because of the lower volume of intercorporate deposits that were placed with us during the year.

Administrative Expenses

Our administrative expenses increased by Rs. 14.43 million, or 57.98 %, from Rs. 24.89 million for the year ended March 31, 2005 to Rs. 39.32 million for the year ended March 31, 2006. We believe this increase was attributable primarily to an increase in filing fees paid resulting from an increase in our authorized share capital and an increase in professional fees and miscellaneous administrative expenses.

Depreciation

Depreciation decreased by Rs. 22.69 million, or 32.11%, from Rs. 70.67 million for the year ended March 31, 2005 to Rs. 47.98 million for the year ended March 31, 2006. This decrease was attributable primarily to a decrease in our fixed assets resulting from the sale of Akruti Business Port.

Profit Before Tax

Our profit before tax increased from Rs. 153.26 million (or 22.31% of total income) for the year ended March 31, 2005 to Rs. 669.87 million (or 32.63% of total income) for the year ended March 31, 2006. This increase was attributable primarily to an increase in sales and other operating income which, as described above, included a substantial amount of revenue from TDRs generated by us in addition to revenues from completed buildings.

Taxation and Provision for Deferred Tax

Our taxation and provision for deferred tax increased Rs. 10.52 million, or 49.72 % from Rs.21.16 million for the year ended March 31, 2005 to Rs. 31.68 million for the year ended March 31, 2006. We believe this increase primarily reflects an increase in tax payable due to our increased profit before tax, as the decrease in our effective tax rate from 13.81 % for the year ended March 31, 2005 to 4.73 % for the year ended March 31, 2006. We used MAT credits generated in prior years to offset taxes due in the years under discussion. Our effective tax rates remained significantly lower than the statutory tax rates because of the tax benefits discussed above under "Significant Factors Affecting Our Financial Condition and Results of Operations–Tax Benefits in India with Regard to Real Estate Development".

Profit After Tax

Our profit after tax increased from Rs. 132.10 million (or 19.23% of total income) for the year ended March 31, 2005 to Rs. 638.19 million (or 31.09% of total income) for the year ended March 31, 2006. This increase was attributable to the reasons discussed above.

Comparison of Year Ended March 31, 2004 and Year Ended March 31, 2005

Income

Sales and Other Operating Income

Category	Fiscal 2004	Fiscal 2005
Residential sales	74.70	146.29
Commercial sales	168.14	277.65
Sales of FSI	91.20	75.63
TDR sales	67.86	-
Rental income	90.51	174.52
Income from JVs/partnerships	8.26	0.54
Total	**500.67**	**674.63**

Our sales and other operating income increased by 34.75% from Rs.500.67 million for the year ended March 31, 2004 to Rs.674.63 million for the year ended March 31, 2005. This increase was attributable primarily to an increase in income from sales and in rental income, which was partly offset by the absence of TDR sales in the year ended March 31, 2004.

Residential sales increased because of the completion of certain buildings in our Niharika project, as well as the completion of smaller buildings by certain of our subsidiaries. Commercial sales increased mainly because of our sale of Akruti Softech Park, as well as commercial space in Akruti Trade Centre and Akruti Arcade. We completed a fewer number of slum rehabilitation buildings during the year, as a result of which our recognition of FSI sales was lower than in the previous year. We generated Rs. 67.86 million in TDR sales in the year ended March 31, 2004 and did not sell TDRs in the year ended March 31, 2005. Rental income increased in the year ended March 31, 2005 because we received rent from Akruti Softech Park and Akruti Business Port before they were sold. We also received rental income from the leased portions of Akruti Trade Centre for the full year, compared to rental income for only the post-completion period of the project in the previous year.

Other Income

Our other income decreased by 51.46% from Rs. 25.28 million for the year ended March 31, 2004 to Rs. 12.27 million for the year ended March 31, 2005. This decrease was attributable primarily to non-recurring compensation received of Rs. 12.0 million in the year ended March 31, 2004, arising from the cancellation of premises that we had booked for purchase.

Expenditure

Cost of Construction

Our cost of construction (net of inventory adjustments) increased by 14.68% from Rs. 291.58 million for the year ended March 31, 2004 to Rs. 334.38 million for the year ended March 31, 2005. Our cost of construction as a percentage of total income decreased from 55.44% for the year ended March 31, 2004 to 48.68% for the year ended March 31, 2005. Our cost of construction as a percentage of sales from residential buildings, commercial properties, sales of TDRs generated and FSI generation, decreased from 72. 55% for the year ended March 31, 2004 to 66.93% for the year ended March 31, 2005.

The increase in our cost of construction was attributable primarily to an increase in our site development expenses due to an increase in the square footage of commercial, residential and rehabilitation buildings completed by us during the year ended March 31, 2005 as compared with the year ended March 31, 2004. We continued the construction of slum rehabilitation buildings in the Akruti Erica, Akruti Orion and Akruti Centre Point projects, slum rehabilitation as well as sale buildings in the Akruti Elegance and Niharika projects. In the year ended March 31, 2005, raw material costs did not change significantly compared to the previous year; however, the imposition of service tax on commercial developments increased our cost of construction.

Staff Costs

Our staff costs were Rs. 4.50 million for the years ended March 31, 2004 and was Rs. 4.50 million for the years ended March 31 2005. These staff costs include only directors' remuneration. For each of these periods, we did not directly employ any employees and instead outsourced our employees from Citygold. As of March 31, 2004, we employed no employees directly, and outsourced 140 employees from Citygold. By comparison, as of March 31, 2005, we employed no employees directly, and outsourced approximately 166 employees from Citygold.

Finance Expenses

Our finance expenses increased by 50.83% from Rs. 65.77 million for the year ended March 31, 2004 to Rs. 99.20 million for the year ended March 31, 2005. While our outstanding debt did not change significantly, the finance expenses for the year ended March 31, 2004 reflected six months of interest cost, compared to twelve months for the year ended March 31, 2005 .

Administrative Expenses

Our administrative expenses decreased by 47.25 % from Rs.47.19 million for the year ended March 31, 2004 to Rs. 24.89 million for the year ended March 31, 2005. This was because of higher brokerage fees and property taxes paid in the year ended March 31, 2004, relating mainly to the Akruti Business Port and Akruti Trade Centre projects. This decrease was partly offset by the higher insurance premiums paid in the year ended March 31, 2005, since we took out key man insurance in that year as well as insurance on completed properties, particularly Akruti Business Port.

Depreciation

Our depreciation increased by 144.45% from Rs. 28.91 million for the year ended March 31, 2004 to Rs.70.67 million for the year ended March 31, 2005. This increase was attributable primarily to an increase in our fixed assets resulting from the completion of the Akruti Trade Centre and Akruti Business Port projects.

Profit Before Tax

Our profit before tax increased by 74.16% from Rs. 88.0 million (or 16.73% of total income) for the year ended March 31, 2004 to Rs.153.26 million (or 22.31% of total income) for the year ended March 31, 2005. This increase was attributable primarily to the increase in sales and other operating income.

Taxation and Provision for Tax

Our taxation and provision for tax increased from Rs.7.4 million for the year ended March 31, 2004 to Rs. 21.16 million for the year ended March 31, 2005. This increase primarily reflects an increase in tax payable due to our increased profit before tax. Our effective tax rates in the two years remained substantially unchanged at approximately 8%, and were significantly lower than the statutory tax rates because of the tax benefits discussed above. We used MAT credits generated in prior years to offset taxes due in the years under discussion.

Profit After Tax

Our profit after tax increased by 63.90% from Rs. 80.60 million (or 15.32% of total income) for the year ended March 31, 2004 to Rs. 132.10 million (or 19.23% of total income) for the year ended March 31, 2005. This increase was attributable to the reasons discussed above.

Comparison of Year Ended March 31, 2003 and Year Ended March 31, 2004

Income

Sales and Other Operating Income

Category	Fiscal 2003	Fiscal 2004
Residential sales	201.36	74.70
Commercial sales	71.67	168.14
Sales of FSI	239.62	91.20
TDR sales	0.00	67.86
Rental income	26.50	90.51
Income from JVs/partnerships	0.50	8.26
Total	**539.65**	**500.67**

Our sales and other operating income decreased by 7.22 % from Rs.539.65 million for the year ended March 31, 2003 to Rs.500.67 million for the year ended March 31, 2004. This decrease was attributable primarily to a decrease in residential sales and FSI recognition, which were partly offset by an increase in commercial and TDR sales and rental income.

Residential sales decreased because in 2004 we completed fewer residential buildings. Commercial sales increased mainly because of the sale of previously unsold space at Akruti Softtech Park, Akruti Arcade and Akruti Trade Center. We completed a fewer number of slum rehabilitation buildings during the year, as a result of which our recognition of FSI sales was lower than in the previous year. We generated Rs. 67.86 million in TDR sales in the year ended March 31, 2004 and did not sell TDRs in the year ended March 31, 2003. Rental income increased in the year ended March 31, 2004 because we leased out space at Akruti Trade Centre.

Other Income

Our other income increased by 21.19% from Rs. 20.86 million for the year ended March 31, 2003 to Rs. 25.28 million for the year ended March 31, 2004. This increase was attributable primarily to non-recurring compensation received of Rs. 12.0 million in the year ended March 31, 2004, arising from the cancellation of premises that we had booked for purchase.

Expenditure

Our total expenditure increased by 4.09% from Rs. 420.75 million for the year ended March 31, 2003 to Rs. 437.95 million for the year ended March 31, 2004. Our cost of construction (net of inventory adjustments) decreased by 17.76 % from Rs. 354.56 million for the year ended March 31, 2003 to Rs. 291.58 million for the year ended March 31, 2004. The decrease in our cost of construction was attributable primarily to a decrease in our site development expenses due to a decrease in the square footage of commercial, residential and rehabilitation buildings completed by us during the year ended March 31, 2004 as compared with the year ended March 31, 2003. The decrease in cost of construction was offset by increase in staff costs, finance expenses and depreciation.

Profit

For the reasons stated above, our profit before tax decreased by 37.03% from Rs. 139.76 million (or 24.93% of total income) for the year ended March 31, 2003 to Rs.88.00 million (or 16.73% of total income) for the year ended March 31, 2004. Our profit after tax decreased by 36.54% from Rs. 127.01 million (or 22.66% of total income) for the year ended March 31, 2003 to Rs. 80.60 million (or 15.32% of total income) for the year ended March 31, 2004.

Liquidity, Capital Resources and Cash Flows

Our primary source of liquidity are funds generated from operations, and to a lesser extent short-term financing lines and term loans with prime financial institutions in India. Our primary use of cash is payment of construction costs. We believe that our present sources of liquidity are sufficient to satisfy our present business requirements.

We intend to utilize a portion of the proceeds of this issuance to finance acquisition of lands, rights in lands or development rights over lands, development and construction of projects under development and planned projects, repayment of bank loans, and for general corporate purposes. See "Use of Proceeds" for a more detailed description of our intended use of the proceeds of this issuance.

The following table sets forth certain information about our cash flows for the years ended March 31, 2003, 2004, 2005 and 2006, and the eight months ended November 30, 2006:

(Rs. million)

	Fiscal 2003	**Fiscal 2004**	**Fiscal 2005**	**Fiscal 2006**	**November 2006**
Net profit before tax	139.76	88.00	153.26	669.87	180.21
Net cash from operating activities	(80.13)	427.49	150.30	876.82	(504.89)
Net cash from (used in) investing activities	36.62	(721.84)	(150.49)	(364.16)	(2,526.52)
Net cash from (used in) financing activities	51.76	350.57	134.61	(658.83)	3,553.63
Net increase (decrease) in cash and cash equivalents	8.25	56.22	134.42	(146.17)	522.22
Cash and cash equivalents, at the beginning of the year	3.99	12.24	68.46	202.88	56.71
Cash and cash equivalents, at the end of the year	12.24	68.46	202.88	56.71	578.93

Eight Months Ended November 30, 2006

Net cash outflow from operating activities for the eight month period ended November 30, 2006 totalled Rs. 504.89 million. Adjustments to cash flow included finance charges of Rs.129.98 million and depreciation of Rs. 41.39 million. Working capital adjustments included an increase in inventories of Rs.434.24 million, resulting mainly from projects under construction and the purchase of interests in land for our Akruti Lakewood project, an increase in other current assets consisting mainly of an increase in fixed deposits with banks, an increase in sundry debtors of Rs. 25.65 million due primarily to the application of the percentage of completion method, a increase in current liabilities of Rs. 4.29 million due to the application of the percentage of completion method as of March 31, 2006, and income tax paid of Rs. 66.38 million.

Net cash used in investing activities for the period totalled Rs. 2,526.52 million , of which Rs. 2,406.55 million represented an increase in loans and advances, which we have provided for the purpose of acquisition of interests in land in connection with MOUs that we have entered into.

Net cash from financing activities for the period totalled Rs.3,553.63 million, resulting mainly from an increase in secured loans of Rs. 1,654.34 million and unsecured loans of 2,139.37 million. These loans were borrowed to finance the purchase of interests in new lands. We paid interest of Rs. 126.32 million and dividends of Rs. 72 million during the period.

As a result of the above, cash and cash equivalents increased by Rs.522.22 million from Rs. 56.71 million as of April 1, 2006 to Rs.578.93 million as of November 30, 2006.

Year Ended March 31, 2006

Net cash generated by operating activities for the year ended March 31, 2006 totalled Rs.876.82 million, of which Rs.669.87 million was generated from pre-tax profit. Adjustments to cash flow included finance charges of Rs.66.92 million and depreciation of Rs.47.98 million. Working capital adjustments included decrease in inventories of Rs.124.27 million, resulting mainly from the completion of Akruti Centre Point which offset the increased inventory generated by the completion of slum rehabilitation buildings, and an decrease in current liabilities of Rs.8.29 million.

Net cash used in investing activities for the year ended March 31, 2006 totalled Rs.364.16 million, of which Rs.155.49 million represented the movement of assets (mainly Akruti Centre Point) from inventory to fixed assets, and was accounted for as purchase of fixed assets, Rs.119.59 million represented investments in various joint ventures and associate companies and Rs. 107.67 million represented an increase in loans and advances.

Net cash used in financing activities for the year ended March 31, 2006 totalled Rs. 658.83 million, resulting mainly from the repayment of loans, in particular the borrowings used to finance the Akruti Business Port project and the repayment of intercorporate deposits and loans and advances from associate companies. We paid interest of Rs.71.69 million and dividends of Rs.40 million during the year.

As a result of the above, cash and cash equivalents decreased by Rs.146.17 million from Rs.202.88 million as of April 1, 2005 to Rs.56.71 million as of March 31, 2006.

Year Ended March 31, 2005

Net cash generated by operating activities for the year ended March 31, 2005 totalled Rs.150.30 million. Adjustments to pre-tax profit of Rs.153.26 million included finance charges of Rs.99.20 million and depreciation of Rs.70.67 million. Working capital adjustments included increase in inventories of Rs.290.85 million, resulting mainly from the completion of various slum rehabilitation buildings, which offset the completed buildings for sale or lease that became fixed assets and reduced inventory. Current liabilities resulted in an upward adjustment of Rs.166.27 million, owing mainly to increased advances from customers in respect of properties for which we started taking bookings during the year.

Net cash used in investing activities for the year ended March 31, 2005 totalled Rs.150.49 million, of which Rs.119.60 million represented the movement of assets (mainly from inventory to fixed assets, and Rs.23.81 million represented investments in various joint ventures and associate companies and Rs. 10.88 million represented an increase in loans and advances.

Net cash from financing activities for the year ended March 31, 2005 totalled Rs. 134.61 million, resulting mainly from increased borrowings to finance our projects and intercorporate deposits placed with us. We paid interest of Rs.96.69 million and dividends of Rs.20 million during the year.

As a result of the above, cash and cash equivalents increased by Rs.134.42 million from Rs.68.46

million as of April 1, 2004 to Rs.202.88 million as of March 31, 2005.

Year Ended March 31, 2004

Net cash generated by operating activities for the year ended March 31, 2004 totalled Rs.427.49 million, of which Rs.88 million was generated from pre-tax profit. Adjustments to cash flow included finance charges of Rs.65.77 million and depreciation of Rs.28.91 million. Working capital adjustments included decrease in inventories of Rs.266.39 million, resulting mainly from the completion of Akruti Business Port which offset the increased inventory generated by the completion of slum rehabilitation buildings, and an increase in current liabilities mainly because new projects increased the payments due to sundry creditors, mainly contractors.

Net cash used in investing activities for the year ended March 31, 2004 totalled Rs.721.84 million, of which Rs.614.39 million represented the movement of assets (mainly Akruti Business Port) from inventory to fixed assets.

Net cash from financing activities for the year ended March 31, 2004 totalled Rs.350.57 million, resulting mainly from increased working capital borrowings to finance our projects, which were partly offset by repayment of loans and advances from associate companies. We paid interest of Rs.98.18 million and dividends of Rs.20 million during the year.

As a result of the above, cash and cash equivalents increased by Rs.56.22 million from Rs.12.24 million as of April 1, 2003 to Rs.68.46 million as of March 31, 2004.

Year Ended March 31, 2003

Net cash outflow from operating activities for the year ended March 31, 2003 totalled Rs.80.13 million. Adjustments to net profit before tax of Rs. 139.76 million included finance charges of Rs.40.06 million and depreciation of Rs.7.36 million. Working capital adjustments included increase in inventories of Rs.338.37 million, resulting mainly from the completion of Akruti Trade Centre, and an increase in current liabilities of Rs. 128.34 million.

Net cash from investing activities for the year ended March 31, 2003 totalled Rs.36.62 million.

Net cash from financing activities for the year ended March 31, 2003 totalled Rs.51.76 million, resulting mainly from increased borrowings to finance our projects. We paid interest of Rs.19.40 million and dividends of Rs.10 million during the year.

As a result of the above, cash and cash equivalents increased by Rs.8.25 million from Rs. 3.99 million as of April 1, 2002 to Rs.12.24 million as of March 31, 2003.

Financial Condition

Our net worth increased from Rs. 512.25 million as of March 31, 2005 to Rs. 1,072.81 million as of March 31, 2006 to Rs. 1,195.95 million as of November 30, 2006. In January 2006, we conducted a rights issue and an issue of bonus shares, which increased our share capital by Rs. 10 million and Rs. 450 million, respectively. In May 2006, we conducted another issue of bonus shares, which increased our share capital by Rs. 120 million.

Assets

Our fixed assets increased from Rs.874.47 million as of March 31, 2005 to Rs.1,024.59 million as of March 31, 2006 mainly because of the completion and addition to our fixed assets of Akruti Centre Point. Our fixed assets were Rs. 1,018.78 million as of November 30, 2006. Investments increased from Rs. 94.85 million as of March 31, 2005 to Rs.212.77 million as of March 31, 2006 to Rs. 283.44 million as of November 30, 2006 mainly because of increased investment in joint ventures. From March 31, 2005 to March 31, 2006 inventories declined marginally as a result of the addition of completed developments such as Akruti Centre Point to our fixed assets, which was largely offset by the inventory created through the completion of slum rehabilitation buildings. Inventories increased to Rs. 1,590.81 million as of November 30, 2006, because of the initiation of our new project at Akruti Lakewood and ongoing construction of our other projects. From March 31, 2005 to March 31, 2006 cash and bank balances declined from Rs.202.88 million to Rs.56.71 million, which was largely due to the large amount of cash generated from the sale of space in Akruti Softech Park and Akruti Trade Centre shortly before the end of the fiscal year ended March 31, 2005. Cash and bank balances increased to Rs. 896.23 million as of November 30, 2006, reflecting an institutional placement of debentures. Loans and advances increased substantially to Rs. 2,817.31 million as of November 30, 2006 from Rs. 258.49 million and Rs. 345.72 million as of March 31, 2005 and 2006, respectively, mainly because of advances for land acquisition relating to projects for which we have executed MoUs..

Liabilities and Provisions

Our liabilities and provisions decreased from Rs. 2,111.40 million as of March 31, 2005 to Rs. 1,583.64 million as of March 31, 2006, primarily reflecting the lower amount of secured and unsecured loans as of March 31, 2006. Secured loans decreased because of the repayment during the fiscal year of project loans, particularly the borrowings in respect of Akruti Business Port and unsecured loans decreased because of the lower amount of outstanding shareholder loans and intercorporate deposits that were placed with us. The decrease in loans was partly offset by an increase in current liabilities, because our expanding business and new projects increased the payments due to sundry creditors such as contractors, and an increase in provisions for income taxes and proposed dividends. As of November 30, 2006, secured and unsecured loans increased substantially, to Rs. 2,544.43 million and Rs. 2,207.55 million, respectively. These increases represent the increased level of our borrowings to finance land acquisitions. Current liabilities and provisions declined to Rs. 581.38 million, reflecting the application of the percentage of completion method as well as a provision for dividend as of March 31, 2006, which was subsequently paid.

Risk Management

We are exposed to specific risks in the conduct of our business and the business environment in which we operate. These risks include, or have historically included, exposure to liquidity, interest rate, market, customer credit, inflation and regulatory risks arising in the normal course of our business. Generally, our overall objective is to ensure that we understand, measure and monitor these various risks and take appropriate actions to minimize our exposure to such risks. Our management's policies for managing each of these risks are described below.

Liquidity Risk

We have adopted liquidity risk management practices that are intended to maintain sufficient cash and liquid financial assets for our operations. The liquidity needs of our projects under implementation are funded mainly by project-specific loans from leading Indian banks. These project-specific loans are generally secured by mortgages and asset security over our interest in the real property we intend to improve with such funds. Projects conducted through our joint ventures also benefit from equity contributions and shareholder loans from us and our joint venture partners. In respect of our general liquidity needs that are not project-specific, we maintain bill discounting and overdraft facilities with banks, typically up to a maximum of Rs. 100 million at any time. Other sources of liquidity include bookings and advances received from the customers of our residential and commercial developments intended for sale, as well as rental payments from the tenants of our leased properties. However, most of the rental payments due to us are paid to the lenders of our rent securitization facilities. These facilities constitute an important aspect of our liquidity management, and allow us access to up-front liquidity that our lenders secure through security interests in future rental payments. Our surplus funds are invested in interest-bearing bank deposits and short-term deposit facilities with leading financial institutions in India, so as to maintain the liquidity of such funds.

Interest Rate Risk

Changes in 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. Interest rates in India have exhibited a rising trend over the last three fiscal years, with the RBI reverse repo rate rising from 4.50% as of March 31, 2004 to 4.75% and 5.50% as of March 31, 2005 and 2006, respectively. Our weighted average interest cost in the years ended March 31, 2004, 2005 and 2006 was 9.64%, 9.69% and 10.23%, respectively, and was 9.70% in the eight months ended November 30, 2006. The RBI reverse repo rate as of December 31, 2006 was 6.0%.

The interest rate at which we may borrow funds and the availability of capital affects our business 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. While in general we prefer fixed rate borrowings so as to minimize the impact of interest rate movements on our cash flows, the amount of fixed rate indebtedness commercially available to us in India is very limited. As a result, most of our loans generally have floating interest rates. As of November 30, 2006, we had outstanding total secured and unsecured loans of Rs. 4,751.98 million, of which Rs. 1,544.43 million was floating rate indebtedness. We have not hedged against interest rate risk in the past; however, we are currently evaluating interest rate hedging instruments with a view to mitigating our interest rate risk.

Changes in interest rates also affect our prospective customers' ability to obtain affordable financing for their purchases of our properties, particularly the purchase of our completed residential developments by individuals. The interest rate at which our residential real estate customers may borrow funds for the purchase of our residential properties, and the availability of credit to such customers, affects the affordability of, and hence the market demand for, our residential real estate developments. Interest rates on housing loans have increased by 1% to 1.75% in the current fiscal year. We do not have control over interest rates generally available to our customers.

Customer Credit Risk

We manage our customer credit risks by requiring security deposits from certain customers and by dealing with counterparties we consider to be creditworthy. We have no significant concentration of credit risk with respect to our third party accounts receivable or trade debts. We hold deposits on hand from our commercial customers in respect of our rental properties in amounts equivalent to six to twelve months' rent as security over the rent payment obligations of such customers. In connection with our pre-sales of residential units, we also receive advances on the purchase price of our residential units from our residential customers, 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.

Regulatory Risk

We maintain good relationships with our regulators, including the SRA and the MIDC. However, we intend to reduce our dependence on slum rehabilitation schemes by purchasing an increasing number of open plots of land from private entities and by diversifying our business operations to include new business lines, such as townships, hotels and serviced apartments.

Foreign Currency Risk

We do not believe that we are currently subject to any material foreign currency exchange risk.

Our accounting records are kept in Indian rupees. Our revenues, significant costs and significant borrowings are denominated in Indian rupees. We limit our foreign currency risk by purchasing our raw materials predominantly from Indian suppliers in Indian rupees, and borrowing funds from Indian banks in Indian rupees to the extent possible. We currently have no indebtedness owing to foreign bank creditors and no bank indebtedness not denominated in Indian rupees.

Most of the building materials we procure are sourced from India. However, we occasionally import equipment from other countries if such equipment is not available in India. We do not enter into foreign currency swaps or similar instruments to hedge against foreign currency risk relating to these purchases or otherwise.

Derivatives Transactions

Due to the inherent risk these instruments involve, it is our policy not to enter into derivatives transactions. We have not entered into any derivatives transactions during the fiscal years ended March 31, 2003, 2004, 2005 or 2006, or during the eight months ended November 30, 2006.

Off-Balance Sheet Transactions and Contingent Liabilities

We do not have any off-balance sheet liabilities not reflected in our financial statements for the years ended March 31, 2003, 2004, 2005 or 2006, or the eight months ended November 30, 2006. However, as of November 30, 2006, we had contingent liabilities, as disclosed in our financial statements, of Rs. 29.84 million with regard to charge notices issued by the Municipal Corporation of Mumbai in respect of properties under construction, Rs. 26.42 million with regard to corporate guarantees given to associates and Rs. 5 million with regard to a litigation petition filed against us. We are involved in reassessment proceedings under the Income Tax Act, but are unable to quantify the impact this could have on us. See "Risk Factors - - Recently, we and our promoters were subject to search and seizure operations under the provisions of the Income Tax Act, 1961". We are also involved in a public interest litigation but have received a favourable order post-November 30, 2006; accordingly, we have not accounted for this as a contingent liability. For further information regarding these contingent liabilities, see our financial statements included elsewhere in this Red Herring Prospectus.

Related Party Transactions

We enter into transactions with a number of related parties in our ordinary course of business. These related parties include various entities under the control of our Promoters with whom we do not consolidate our financial statements, to which we have extended loans or financial guarantees.

In the year ended March 31, 2006 we made advances of Rs.233.52 million to related parties and were received Rs.870.70 million by related parties; these mainly involved amounts advanced to the Akruti-Hiranandani joint venture in relation to the MMRDA project. We sold TDRs to one of our joint ventures in the amount of Rs.346.60 million. We also received loans from certain of our promoters of Rs.35.86 million and repaid loans of Rs.81.84 million to promoters. These mainly represented loans received from our promoters for working capital purposes.

In the eight month period ended November 30, 2006 we made advances of Rs. 105.81 million to related parties and received Rs. 70.85 million by related parties; these mainly involved amounts advanced to the Akruti SMC JV in relation to the MSRTC project (S Mall). We also received loans from certain of our promoters of Rs.53.44 million and repaid loans of Rs. 57.27 million to promoters. These mainly represented loans received from our promoters for working capital purposes.

We have historically outsourced a significant portion of our employees by contracting with Citygold Management Services, which is a promoter group company in which we have a 5.41% equity interest. Citygold provides us with project management and architectural services on a non-exclusive basis. As compensation for providing services to us, Citygold receives payments from us equivalent to its costs plus a 2% to 5% mark-up. Citygold is not a subsidiary of our company, we do not consolidate our accounts with Citygold, and given our low shareholding in Citygold, transactions with it do not appear in the related party schedule to our financial statements.

Until November 2005, we did not directly employ any employees, and instead outsourced all of our employees from 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.

For additional details regarding our related party transactions, see the disclosures concerning transactions with related parties in our financial statements included under the section "Financial Statements" on page 165 of this Red Herring Prospectus.

Events Subsequent to the Date of the Last Financial Statements

Since November 30, 2006 our business has generally exhibited ordinary course trends. Our borrowings have continued to increase and in December 2006 we borrowed Rs. 333.74 million which was secured by lease rentals. We also provided a loan of Rs. 53.0 million to a Promoter Group company.

FINANCIAL INDEBTEDNESS

Details of Secured Borrowings

Set forth below is a brief summary of our aggregate borrowings as of November 30, 2006

- Details of Term Loans:

Name of Lender	Facility & Loan Documentation	Amount Outstanding	Interest Rate	Repayment Schedule	Security Created
Canara Bank,	Rs. 145 million by Common Hypothecation agreement dated August 10, 2004	Rs. 118.46 million	11.50% p.a. subject to change from time to time.	Repayable in ten monthly instalments commencing from August 2007 and last instalment is due in May, 2008. First 5 instalments of Rs.10 million, 6th Instalment is Rs. 15 million, Last four instalments are Rs. 20 million	Secured by way of hypothecation of all stocks of goods, all the Company's present and future book debts, outstanding monies, bills receivables, claims, bill, contracts, securities, investments, cash, gold, silver, jewellery, rights and assets, and rights relating to or immovable properties of what so ever nature. Secured by way of immovable property i.e. Flat Bearing no. 1 admeasuring area 93.12 Sq. mtr. i.e. 1,002 Sq. ft. carpet area on the 2nd floor of Akruti Astha building, 23, Doongersey Road, near Teen Batti, Walkeshwar, Mumbai – 400 006.
HDFC Limited	Rs. 450 million and Additional loan of Rs. 146.9 million	Rs. 330.08 million	HDFC Corporate Prime Lending Rate (CPLR) as on date is 10.25% per annum and the Applicable Rate as on date is 11.50 % p.a.	Repayment to begin eighteen months from the date of first disbursement of said loan in 16 instalments. First 12 instalments of Rs. 27,500,000/- each and 4 monthly instalment Rs. 30,000,000/- each commencing from the end of 3rd month from the date of first disbursement or earlier at the lender's option. (Repayment to begin	Mortgage of property known as "Akruti Elegance" at Gavanpada, Mulund (W) 2) Akruti Nova-B wing & Akruti Atria - B Wing at Saiwadi, Andheri (E) 3) "Akruti Erica" at Vile Parle (E) 4) Akrtui Orion at Vile Parle (E), Mumbai. Additional Property Mortgage of Voltas

Name of Lender	Facility & Loan Documentation	Amount Outstanding	Interest Rate	Repayment Schedule	Security Created
				20 months from June 2006. The Loan will be repaid in 15 installments. First 9 installments of Rs. 2,75,00,000/- each and 3 monthly instalment Rs. 3,00,00,000/- each and 1 month instalment R.3,75,00,000/- and 1 month instalment Rs.4,00,00,000/- and Last instalments Rs.3,50,00,000/- Commencing from the end of November 2006 or earlier at HDFC's option the lender's option.)	
State Bank of India	Rs.455 million	Rs. 83.39 million. (Balance to be withdrawn Rs. 371.61 million)	8.25% p.a. with monthly rests	Jan-March 2009 (0.665 x 3) =20 million, April-June 2009 (3.165 x 3) =95 million, July-Sept 2009 (6.00 x 3)= 180 million, Oct-Dec 2009 (5.333 x 3) =160 million.	Equitable mortgage of commercial land and buildings at plot no. 5 Road No.7 MIDC Central Road, Andheri (Akruti Commerce Centre).
Canara Bank	Rs. 50 million	Rs. 41.55 million	10.25% p.a. with monthly interests		Raw material, current assets at Akruti Trade Centre.
Union Bank of India	Rs.300.00 million	Rs. 300.00 million	8.50% p.a. with monthly rests		Raw Material, Current Asstes at ACP
Bank of India	Rs.105.00 million	Rs.52.39 million	10.25%	Entire Loan Amount inclusive of Interest thereon is to repaid in 60 Monthly Instalment	6th Floor at Akruti Trade Centre, CGMS (31997 sq.ft.)

*Note: The total figure for financial indebtness have been rounded off and may differ slightly from the numbers given in "The Objects of the Issue" section. For further details, please refer to the section titled "The Objects of the Issue" on page 36 of this Red Herring Prospectus

2. Details of Rental Securitisation Loans

We have availed of certain credit facilities from our lenders, which are secured by lease rentals receivable by us from certain immovable properties leased out by us to various tenants. The aggregate amount outstanding as on November 30, 2006 under such lease rental loans was Rs. 614.80 million.

3. Details of Debenture Issue

Name of Lender	Facility & Loan Documentation	Amount Outstanding	Interest Rate	Repayment Schedule	Security Created
LIC Mutual Fund	Rs1000.00 million	Rs1,000.00 million	9.05 %	Loan to be repaid in 2 Monthly instalment of Rs.500 million each start from 14th Nov 2007 & 15 th Dec 2007.	The Company is in the process of creating security.

4. Company as party to loan of joint venture

Our Company and DLF Limited (formerly DLF Universal Limited) have signed as participants in their capacity as partners in Niharika Shopping Mall Joint Venture which has availed of a term loan of Rs.1,600 million pursuant to a consortium agreement dated November 28, 2006. The loan is secured against the properties of the Niharika Shopping Mall Joint Venture and there is no recourse towards us or our assets.

5. Corporate Actions

Some of the corporate actions for which we require the prior written consent of our lenders include the following:

1. to change the capital structure of our Company;
2. to enter into any contractual obligation of a long term nature or affecting our Company financially to a significant extent;
3. to approach the capital market for mobilizing additional resources either in the form of debt or equity;
4. to mortgage, sell, lease, exchange or create any charge, lien or encumbrance of any kind on specified undertakings, assets, security secured with the lender and change use of the assets;
5. to implement any scheme of expansion/modernization/diversification/renovation or to acquire any fixed assets during any accounting year, except under a scheme approved by the lender/when in ordinary course of business;
6. to affect any material change in shareholding/ownership/management of our Company;
7. to declare or pay dividends when any amount due to the lenders is still outstanding;
8. to undertake or permit any merger, de-merger, consolidation, re-organization, dissolution, scheme or arrangement or compromise with our creditors or shareholders or effect any scheme of amalgamation or reconstruction;
9. to amend or modify our constitutional documents; and
10. to make any investments either by way of deposits, loans or investments in share capital or otherwise in any concern or provide any credit or give any guarantee, indemnity or similar assurance

We have obtained the approvals for the Issue from all lenders from whom we require approvals under the respective loan documents:

- Corporation Bank by letter dated June 7, 2006
- Bank of Baroda by letter dated June 7, 2006
- Housing Development Finance Corporation (HDFC) Limited by letter dated June 6, 2006
- Punjab National Bank by letter dated June 5, 2006
- Canara Bank by letter dated May 29, 2006
- Bank of India (Ghatkopar Branch) by letter dated June 6, 2006
- Union Bank of India by letter dated June 13, 2006
- Bank of India (Andheri Branch) by letter dated May 16, 2006
- State Bank of India by letter dated June 12, 2006.
- Canara Bank of India by letter dated December 29, 2006.

UNSECURED BORROWINGS

Further, we have also availed unsecured loans from various bodies corporate and shareholders of our Company. As of November 30, 2006, the total amount outstanding under these loans was Rs. 2,207.55 million.

In addition, our Company has given a corporate guarantee of an amount aggeregating Rs. 30 million to Akruti Knowledge and Research Limited, a Promoter Group company of our Company.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiaries, Directors, Promoters or Promoter Group, and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, Promoters or Directors. None of the aforesaid persons/entities are on RBI's list of wilful defaulters.

AGAINST OUR COMPANY

Civil proceedings

In the Supreme Court of India

- BMC has filed special leave petition (Civil) no. CC 6489 of 2006 from impugned final judgement and order dated April 11, 2005 passed by High Court of Judicature at Bombay in first appeal no. 1095 of 2000. The main issue in this case is whether under a Rehabilitation Scheme at the instance of SRA, where the plot belongs to the Government, the builder to whom the rehabilitation work is entrusted by SRA is liable to pay property tax in respect of the transit camp accommodation constructed by him for the slum dwellers. Further, when an interest in the property is created in favour of Akruti, whether Akruti can claim that it is not liable pay taxes on transit accommodation on the basis that it is meant for temporary alternate accommodation of slum dwellers, though the whole intent and purpose of Akruti is to earn profit out of same project. The above matter was listed for hearing on September 11, 2006. After hearing by the parties, honourable Judges have not admitted above SLP and asked Akruti to file detailed counter affidavit.

Before High Court of Judicature at Bombay

- Anil Shah and others have filed writ petitions (W. P. No. 974 of 1999 and Writ Petition No. 1113 of 2000) in the High Court, Bombay challenging the notifications issued by the Slum Redevelopment Authority under the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971 (the "**Slum Act**") in respect of the property CTS No. 449 and CTS No. 429 respectively. They further contended that the procedure under Section 14(1) of the Slum Act was not complied with besides challenging the constitutional validity of Section 14 of the Slum Act. The said notifications under the Slum Act were issued in furtherance of representations made by Saiwadi Lokseva Samiti (on behalf of numerous slum dwellers in Saiwadi) for acquisition of land comprising 44,330 square meters for redevelopment and rehabilitation under the Slum Act. In pursuance of the same, the entire land was declared as a "slum area" and was made a part of a slum rehabilitation scheme for which our Company has been granted development rights by the Slum Rehabilitation Authority. The Petitioners in the said writ petitions claim to be part owners in respect of CTS No. 449 and CTS No. 429. The High Court by an order dated February 10, 2000 granted a stay on development being conducted to the extent of the suit property. Further, the High Court by an order dated April 24, 2000 directed that fresh notices be issued under the Slum Act to all interested parties and a hearing be conducted by the Competent Authority. In pursuance of the same, the Secretary of the Housing & Special Assistance Department, Mantralaya ("**Secretary**") heard all interested parties and passed a reasoned order on August 17, 2000 upholding the notification issued in respect of CTS No. 449 but held that the notification pertaining to CTS No. 429 was bad and illegal. The order passed by the Secretary in respect of CTS No. 429 was reversed by the Secretary (on January 30, 2002) after affording another hearing to the concerned parties as directed by the High Court. By an order dated February 28, 2003, the High Court lifted the stay order as regards CTS Nos. 449 and 429 and dismissed Writ Petition No. 1975 of 2002 with costs. The Petitioners filed a Special Leave Petition ("**SLP**") against the said order dated February 28, 2003 which SLP was dismissed by the Supreme Court with a direction to the High Court to dispose of the writ petitions within a period of six months. The Petitioner thereafter moved Notices of Motion for early hearing of Writ Petition No. 974 of 1999 and Writ Petition No. 1113 of 2000 and sought a stay on the construction activities on CTS No. 449 and CTS No. 429 which stay was granted by the High Court in an ex-parte order dated January 25, 2006. The orders of the High Court granting a stay on construction as regards the Petitioners' properties have been vacated by the Supreme Court by orders dated May 8, 2006 in SLP No. 6735 of 2006 and SLP No.5999 of 2006. The said Writ Petition Nos. 974 of 1999 and 1113 of 2000 are pending hearing and final disposal. In the event that the writ petitions are made absolute, the monetary liabilities are estimated to be approximately Rs. 5,000,000. There are Contempt Petitions Nos. 92 of 2005 and 93 of 2005 against the Petitioners, which have been filed by our Company for having written to the Hon'ble Chief Minister and for making allegations against the Honourable Judge of the High Court in respect of matters, which are sub-judice. The said contempt petitions came up for admission before Justice S. K. Shah and it was observed that since the above petitions were for criminal contempt, the prior consent of Advocate General should be obtained and the same can be heard only by Division Bench. On May 23, 2006 thereafter an application was filed for initiating contempt proceedings against Anil Shah before the Advocate General u/s 15(1)(b) of the Contempts of Court Act, 1971. On June 21, 2006 the Advocate General denied the application for criminal contempt proceedings against Anil Shah for the reasons mentioned therein. Thereafter we have filed another application before the Advocate General against the Petitioner for the reasons mentioned therein. The said application is under consideration. The Advocate General has given the consent for the filing contempt petition against Anil Shah. The said Writ Petitions are pending.

- Lallubhai Amichand Limited has filed a suit (Suit No. 567 of 2005) against our Company and others for a declaration that the contract between the Plaintiff and the Akruti Nirman Limited is valid, subsisting and binding. The contract was in pursuance of a rehabilitation scheme for land located at CTS No. 2B/3, 2B/3-1 at village Mankhurd and CTS No. 4D of village Deonar. The Plaintiff was the owner of the land and HAJV was allotted the development rights as per a Letter of Intent issued by the Mumbai Metropolitan Region Development Authority (Defendant No. 6) ("**MMRDA**"). The suit was decreed in terms of consent terms arrived at by the parties by an order dated July 7, 2005 as modified by an order dated July 11, 2005. The said suit and the applications therein stood disposed of by the above orders. The Plaintiff thereafter has moved a Chamber Summons being Chamber Summons No. 27 of 2006 seeking an extension of time for a further period of 8 weeks to surrender and/or handover Amenity Land and Recreation Area to Defendant No. 6 or Defendant No. 8. The Plaintiff thereafter moved another Chamber Summons No. 231 of 206 directing the Respondents to pay Rs. 20 million to the Plaintiff and to order and direct the Defendant No.6 to forthwith handover the Plaintiff quite, vacant and peaceful possession of service land admeasuring 5245.83 sq. meters or in the alternative the appointment of a Court Receiver by the High Court, Bombay. The Defendants including our Company have opposed the said Chamber Summons. The matter is pending hearing and disposal. In the event that the Chamber Summons is made absolute, our Company would be liable to the extent of Rs. 20 million which has already been deposited in an escrow account by our Company. The High Court has directed the plaintiff to issue notice to the MMRDA and BMC and directed MMRDA and BMC to file affidavit in reply in respect of the the said policy relating to handing over amenity space and recreation ground. The matter is pending before the High Court.

- Damodar Bapu Gaikwad and others filed a writ petition (W. P. No.1615 of 2005) challenging the implementation of the Slum Rehabilitation Scheme sought to be implemented in respect of Shastrinagar Slum Area. The petitioner has challenged the scheme of Shastrinagar on the ground that signatures of many persons were obtained by fraud and misrepresentation by our Company by misguiding them. It is also contended that the address mentioned in the agreements on which their signatures were taken were different from the place of their operation and further that our Company has submitted false documents and agreements and have obtained a letter of intent from the SRA on that basis. It is alleged that many bogus names have been given as eligible. It is also alleged that our Company illegally demolished 16 toilets situated there have acted illegally and contrary to the D.C. Regulation. The petitioner has sought interim relief restraining our Company from carrying out any construction in respect of Shastrinagar, Bandra, Mumbai. The said petition came up before High Court on September 1, 2005 and the High Court refused to grant any interim relief to the petitioner. Now the matter is pending for final hearing. Thereafter the Plaintiff filed Chamber Summons No.165 of 2006 seeking amendment to the writ petition and for certain interim reliefs. The said amendment was allowed and interim relief was not granted by court to the plaintiff and defendants were allowed to construct suit premises. The petitioner filed another Chamber Summons No. 216/06 for amending the Writ Petition and to seek ad interim relief. While the amendment was allowed, no ad interim relief was granted. Subsequent to the same, the High Court passed an order directing the Company not to demolish the structures.

- A. R.Choudhary and others have filed a writ petition (W.P. No.2374 of 2006) against MIDC, and Akruti Nirman Limited to direct our Company to provide permanent alternate accommodation to the petitioners in the commercial rehabilitation building proposed to be constructed. Further, the petition seeks to restrain our Company from demolishing the existing premises of the petitioners and/or obstructing the peaceful use, occupation and possession thereof by the petitioners till such time as the petitioners are not rehabilitated in the commercial rehabilitation building proposed to be constructed. Further the petition seeks to restrain our Company from allotting and/or permitting occupation of the commercial rehabilitation building in favour of any person or persons except the petitioners. The matter is pending.

- Shri Mohan Gujar & Ors have filed a writ petition before the High Court, Bombay (W.P. No. 2834 of 2006) against 42 slum dwellers calling upon them to vacate their huts in Saiwadi on the grounds that the concerned slum dwellers have not vacated their present accommodation and moved to the transit accommodation and are therefore obstructing the project implementation which has already been approved by the SRA. Our Company has also been made a party though there are no reliefs claimed against us. The matter is currently pending.

Before the City Civil Court

- Dattaray S. Kamble has filed a suit (Suit No. 4590 of 2005) against our Company seeking a permanent order and injunction from the Court to restrain our Company from allotting and/or putting in possession of alternate accommodation Pramod Bhiku Kamble, in respect of a building located at Sai Nagar, Andheri constructed by our Company in pursuance of a redevelopment scheme of the Slum Rehabilitation Authority ("**SRA**"). A Notice of Motion No. 4057 of 2005 was also filed by the Plaintiff seeking urgent relief. The Notice of Motion was disposed of on the terms that the Plaintiff approached the SRA for eligibility to be granted accommodation in the said building. The suit is pending hearing and disposal. The Written Statement is to be filed by our Company in the suit. The construction of the building is complete and Occupation Certificate has been granted by the SRA. We believe that there would be no monetary liabilities if the prayers in the suit are granted to the Plaintiff. The Plaintiff has filed another Chamber Summons No. 1221/2006 for restraining the Defendant No.2 from creating third party interest in the suit premises. Our Company has filed the reply to said Chamber Summons. The matter is pending.

- Ramakant Singh has filed a suit (Suit No. 2549 of 2005) along with a Notice of Motion (No. 2843 of 2005) against our Company for a declaration that the Agreement dated November 22, 2001 entered into between him and us stipulates that our Company is bound to provide for shop premises in a proposed building i.e. Shivshakti Co-operative Housing Society located at Vile Parle (East). The Company is developing the property described in 3rd column under the SRA Scheme. The Plaintiff who has been allotted residential flat in rehab building is claiming that he is entitled for commercial premises instead of residential premises. The Court has passed an order stating that the Plaintiff's possession in respect of shop premises in another building i.e. Waghela Chawl should not be disturbed without the due process of law. The matter is pending hearing and disposal.

- Hiralal Gupta has filed a suit (Suit No. 5788 of 2005) and a Notice of Motion against our Company seeking a declaration that the Defendants are not entitled to use force, dispossess, interfere, disturb, obstruct right, title, interest, of the Plaintiff and not to enter and/or put any construction and/or dig in the suit premises (premises admeasuring 120 square feet, near Kanjurmarg, LBS Marg, Bhandup). Company has filed their affidavit in reply to the Notice of Motion. Meanwhile, the work on the suit premises is continuing. The matter is currently pending.

Before the Divisional. Joint Registrar Co-Operative Socities Mumbai Division

One Jogdand & others had filed an application (Application No.14) of 2006 before the Divisional. Joint Registrar Co-Operative Socities Mumbai Division against the Assistant Registrar and others including the Company, challenging the registration of the Shastri Nagar co-operative society. The society was de-registered pursuant to an order dated September 8, 2006 and the same had been challenged by the respondents including the Company before the Minister (Co-operatives), Mantralaya. The Minister (Co-operatives), Mantralaya disposed of the above order and the matter has been remanded back to the Divisional Joint Registrar and is currently pending.

Complaint

Mr. Dinesh Balsara had filed a complaint dated December 6, 2006 against our Company which complaint was addressed to the SEBI and the ROC. The complaint alleges irregularities and accuses the Company of cheating in its slum rehabilitation activities in Andheri. The Company believes that the allegations made are baseless and is in the process of replying to the same.

AGAINST OUR SUBSIDIARIES

Vishal Tekniks (Civil) Private Limited

- Mrs. Alice Naicker and Others have filed a suit against Vishal Tekniks (Civil) Private Limited and another others praying that (i) the Ward Officer be restrained from evicting the Plaintiffs; and (ii) the Defendants be restrained from demolishing the suit premises and shifting the Plaintiffs to transit accommodation. The Plaintiffs contended that the Defendants have not paid the Brihanmumbai Municipal Corporation ("**BMC**") an amount of Rs. 23,266,500 (Rupees twenty three million two hundred sixty six thousand five hundred only) being 10% of the capitalized value to be deposited before obtaining the commencement certificate. Vishal Tekniks (Civil) Private Limited filed a reply contending that it had an option as per the terms of the agreement entered into with the BMC and the Plaintiffs to either construct on the premises (47,000 square feet located at Matunga, Mumbai) or in the alternative to pay the aforesaid amount to the BMC. The Honourable Court by an order dated August 10, 2005 restrained the BMC from demolishing the suit premises bearing nos. 5/6, 15/16, 1/2, 7/8 and 11/12 and further restraining the BMC from shifting the Plaintiffs into transit camp accommodation. The BMC sent a notice dated March 5, 2006 to Vishal Tekniks (Civil) Private Limited stating therein that the Honourable Court has passed a stay order restraining the development of the suit property. Thereafter Vishal Tekniks (Civil) Private Limited sent a reply dated April 15, 2006 to the BMC clarifying that the order of the Honourable Court is only in respect of five tenants and therefore the BMC must issue a fresh notice in terms of the rehabilitation/redevelopment scheme. Further, it was brought to the attention of the BMC that Vishal Tekniks (Civil) Private Limited has paid the amount of Rs. 23,266,500 (Rupees twenty three million two hundred sixty six thousand five hundred only) to the BMC being 10% of the capitalized value. The amended approval/notice of the BMC is awaited by Vishal Tekniks (Civil) Private Limited. The suit is pending hearing and final disposal. Vishal Tekniks (Civil) Private Limited has approached the court by taking Notice of Motion directing the Plaintiff to shift to transit accommodation and to handover quiet, vacant, and peaceful possession of property to us. The matter is currently pending.

- Ghewar Jivraj Jain has filed a suit (Suit No. 6110 of 2000) against Vishal Tekniks (Civil) Private Limited, the Municipal Corporation of Greater Mumbai and Others seeking a permanent injunction restraining us from constructing any building on the suit property (206, Tardeo Air Conditioned Market Building, Tardeo, Mumbai- 400 034). The Company is developing suit property being Plot No.42, situate at Tardeo Division, Naushir Bharucha Marg, Grant Road, Mumbai-400 007. The Plaintiff claims to have office in adjoining Plot No.CS-41. The Plaintiff has alleged that the Company has put up a structure touching the dividing wall and has claimed that the plans approved by BMC (Defendant No.1) is against the DCR. The Plaintiff has claimed that the plan approved is bad in law and removal of pillars and structures touching the boundary wall of the adjoining plot. A Notice of Motion was also filed for ad-interim relief on the same terms. Ad-interim reliefs were denied by the Court by an order dated October 20, 2002. Our Company has filed their Written Statement and an affidavit in reply to the Notice of Motion. The Notice of Motion and the suit are pending hearing and disposal. The construction of marketing building on Plot CS No.42 of Tardeo Division is complete and the same has been handed over to the Brihanmumbai Mahanagarpalika ("**MCGM**"). The matter is currently pending.

AGAINST OUR DIRECTORS

Criminal Proceeding

Before the Judicial Magisrate First Class, Indore

- Sajal Tewari has filed a complaint (No. 12733 of 2006) against Mr. PH Ravikumar, in his capacity as Managing Director, National Commodities Derivatives Exchange Limited ("NCDEX"), and others. Summons has been received addressed to the Managing Director, NCDEX for proceedings under Section 138 of the Negotiable Instruments Act for default of an amount of Rs. 200,000.

Civil Proceeding

Before the Court of Small Causes at Mumbai

- Maratha Mandir, a public trust filed a suit against its tenants Hemant Shah and others (RAE Suit No. 417/801/2006, RAE Suit No. 429/609/2006) for evicting Hemant Shah under Maharashtra Rent Control Act, 1999 on ground that the suit premises are required by plaintiff for educational purpose and that is a bonafide requirement and on the ground that the defendants has sub-let the premises. Written statement of the defendant was filed on August 21, 2006. The matter is currently pending.

- Maratha Mandir, a public trust filed a suit against its tenants Vyomesh Shah and others (RAE Suit No. 424/608/2006, RAE Suit No. 420/604/2006) for evicting Vyomesh Shah under Maharashtra Rent Control Act, 1999 on ground that the suit premises are required by plaintiff for educational purpose and that is a bonafide requirement and on the ground that the defendants has sub-let the premises. Written statement of the defendant was filed on August 21, 2006. The matter is currently pending.

Tax Proceedings

- The Department of Income Tax carried out search and seizure operations under Section 132 of the Income Tax Act, 1961 against us, our Promoters, our executive director, one of our employees and our Promoter Group companies, Citygold and Ichha Constructions Limited. During these operations, cash, books of accounts and records were seized by the Income Tax authorities.

AGAINST OUR PROMOTER GROUP

Civil Proceedings

Before the High Court of Judicature of Bombay

- One Bhagatraj Ahuja has moved notice of motion No. 254 of 2006 in PIL W.P. No. 2617 of 2004 against MCGM, Mangalshrusti Gruh Nirmiti Limited and others seeking a declaration that the plans passed by MCGM in excess of 2.5 FSI to be declared as void. The matter in pending before the High Court.

- Tulsiwadi Navnirman (SRA) Cooperative Housing Society Limited filed a writ petition (Lodging No. 2877 of 2006) before the High Court of Bombay against MCGM, the Commisioner of Police, Mumbai, Mangal Shrusti Gruh Nirmiti Limited and others seeking directions for the proper implementation of the Urban Renewal Scheme formulated by MCGM in respect of the Tulsiwadi project. There has been no reliefs claimed against Mangal Shrusti Gruh Nirmiti Limited. The reliefs sought include directions against MCGM for completion of the eviction process within two months by eviciting the disgruntled occupants, demolition of dilapidated buildings and formation of committee to monitor anad ensure the smooth implementation of the Urban Renewal Scheme. The matter is currently pending.

Before the Small CausesCourt

Falguni Shah

- Maratha Mandir, a public trust filed a suit against its tenant Falguni Shah (RAE Suit No. 427/611/2006; RAE Suit No. 430/614/2006 and RAE Suit No. 422/606/2006) for evicting Falguni Shah under Maharashtra Rent Control Act, 1999 on ground that the suit premises are required by plaintiff for educational purpose and that is a bonafide requirement and on the ground that the defendants has sub-let the premises. Written statement of the defendant was filed on August 21, 2006. The matter is currently pending.

Kunjal Shah

- Maratha Mandir, a public trust filed a suit against its tenant Kunjal Shah (RAE Suit No. 418/602/2006; RAE Suit No. 426/610/2006 and RAE Suit No. 421/605/2006) for evicting Kunjal Shah under Maharashtra Rent Control Act, 1999 on ground that the suit premises are required by plaintiff for educational purpose and that is a bonafide requirement and on the ground that the defendants has sub-let the premises. Written statement of the defendant was filed on August 21, 2006. The matter is currently pending.

Lata Shah

- Maratha Mandir, a public trust filed a suit against its tenant Lata Shah (RAE Suit No. 425/609/2006) for evicting Lata Shah under Maharashtra Rent Control Act, 1999 on ground that the suit premises are required by plaintiff for educational purpose and that is a bonafide requirement and on the ground that the defendants has sub-let the premises. Written statement of the defendant was filed on August 21, 2006. The matter is currently pending.

Aarti Projects & Constructions

- Valimulla Alimulla Sheikh and others have filed a suit (Suit No. 2229/2005) along with a Notice of Motion (Notice of Motion No. 2074/2005) against the Municipal Corporation of Greater Mumbai and others including Aarti Projects & Construction Limited. The prayers in the suit were for evaluating their applications for eligibility for obtaining permanent premises in the rehabilitation scheme, for grant of permanent injunction restraining the Defendants from disturbing their possession of the suit premises, for restraining the Defendants from approving the rehabilitation plan and from granting a commencement certificate for construction of the building. Aarti Projects & Construction Limited has filed its affidavit in reply. An order was passed by the Honourable Court on May 27, 2005 directing the Plaintiff to approach the Competent Authority to decide the issue of eligibility. An amendment was carried out to the suit by adding the SRA as a party defendant by a Chamber Summons (Chamber Summons No. 905/2005). The Honourable Court by an order dated December 2, 2005 granted an interim relief of maintaining status quo in the Notice of Motion. A Notice of Motion has been moved by Aarti Projects & Construction Limited for setting aside the status quo order. This matter is currently pending

- Manik Laxman Rolekar has filed a suit (Suit No. 1884/2005) against the Municipal Corporation of Greater Mumbai and others to which Aarti Projects & Constructions, seeking a declaration that the Plaintiff being an occupant of the suit premises is entitled for rehabilitation, for an injunction restraining the Defendants from disturbing his peaceful enjoyment of the suit premises and restraining the Defendants from approving the rehabilitation plan and from granting a commencement certificate for construction of the building on the suit premises. Aarti Projects & Constructions has filed an affidavit in reply. The Written Statement and the suit is pending hearing in due course. The building is under construction and the rehabilitation process is continuing. The matter is currently pending.

BY OUR COMPANY

Criminal Proceedings

Before the Metropolitan Magistrate's Court at Andheri, Mumbai

- Our Company has filed a Criminal Complaint (Criminal Complaint No. 57/2006) against Dinesh Balsara, Alka Balsara, Nitesh J. Mistry, Chandrakant Pandya, Pravin Trivedi and Vidya Chavan (the "**Accused**") for allegedly forcibly taking out planks and bamboos from the construction site located at Gondavli, Taluka Andheri, Mumbai. Our Company is executing the project of Slum Redevelopment on plot bearing CTS No.427/2 Village Gundavali, Taluka Andheri, Mumbai. Dinesh Balsara, Alka Balsara, Nitesh J. Mistry, Chandrakant Pandya, Pravin Trivedi and Vidya Chavan are entitled to one premise each. They have contended for grant of further premises which has been denied by the Company. Therefore, Accused No. 1 and 2 with the help of Accused No. 3 to 6 have been trying to hamper the work going on at the site. The Company has contended that the accused have committed the offences of rioting, criminal, trespass, mischief, threats to life of labourers and employees which are punishable under Sections 447, 427, 143, 147 read with Section 34 of Indian Penal Code 1860. The complaint is pending hearing.

Civil Proceedings

Before the High Court

- Our Company has filed a Writ Petition (W. P. No. 375 of 2005) against the SRA and others in relation to certain levies of infrastructure charges. Our Company has been developing various slum properties across Mumbai under the provisions of DC Regulation 33 (10) read with Appendix IV. Our Company developed slum properties pursuant to a Letter of Intent granted by the SRA. Subsequently, the SRA demanded infrastructure development charges by way of circulars dated May 15, 2000, February 13, 2001 and June 14, 2002 issued by the SRA, prescribing recovery of infrastructure development charges on TDR/DRC which have been granted, which are not built up area and therefore contrary to Clause 9.2 of Appendix IV of DC Regulation 33(10). As per the aforesaid circulars, the SRA has demanded infrastructure charges in respect of the difference between the built up area and Zonal FSI as well as on TDR/DRC issued to our Company as compensation. The SRA further refused to grant necessary certificates until our Company made the above mentioned payments. In a common writ petition challenging the said three circulars filed by our Company before the Hon'ble High Court, Bombay, the High Court by its order dated August 8, 2005 did not grant any interim reliefs to our Company. Being aggrieved by the said order our Company challenged the said order before the Hon'ble Supreme Court in a special leave petition (S.L.P No. 19849-19850/2005) and the Supreme Court by its order dated October 3, 2005 directed our Company to deposit an amount of Rs.30 million with the Supreme Court within one month. Our Company withdrew the said special leave petition and the Hon'ble Supreme Court by its order dated January 2, 2006 has permitted the same to be withdrawn. Our Company has till date paid infrastructure charges to the tune of Rs.35,716,452 (Rupees thirty five million seven hundred sixteen thousand four hundred and fifty two only) which is more than the amount permissible to be recovered under Clause 9.2 of Appendix IV. The company has contended that the said excess amount is therefore liable to be refunded. The matter is pending for final hearing.

- Our Company has filed a writ petition against Reliance Energy Limited bearing W.P. No. 1677 of 2006 on April 26, 2004 challenging order dated 26.11.2005 passed by Consumer Forum in Appeal No. 26 of 2005 directing the Respondents to withdraw intimation of disconnection dated February 27, 2005 and refund a sum of Rs.1,29,493/- with interest @ 18% p.a. from May 13, 2005 till payment and/or realisation. The said amount of Rs.1,29,493/- was paid by Company UNDER PROTEST as Respondent had threatened to disconnect electricity supply. Consumer Forum passed an order dated 26.11.2005 passed by forum in Appeal No. 26/2005 and quashing the said order after examining legality, and not to disconnect supply of electricity to rehabilitation building constructed and buildings to be constructed by the Petitioners in MIDC area on payment of normal charges. The Writ Petition has been admitted.

- Our Company alongwith Hiranandani Construction Company Limited known as Hiranandani- Akruti JV ("HAJV") have filed a wit ptition (W. P. No. 3137 of 2004) challenging three circulars issued by the SRA levying infrastructure charges on the TDR/DRC granted to the HAJV by the SRA in lieu of development of land located at CTS No. 2B/3, 2B/3-1 at village Mankhurd and CTS No. 4D of village Deonar. The Petition was admitted on August 8, 2005, and the High Court refused to grant reliefs. The Company filed an appeal by way of a Special Leave Petition challenging the said High Court order and the Supreme Court vide order dated October 3, 2005 directed our Company to deposit an amount of Rs.3 crores within one month. The Company withdrew the said SLP and the Supreme Court vide its order dated January 2, 2006 allowed the withdrawl of the same. HAJV has till date paid infrastucture charges aggregating approximately Rs.123.37 million. The Writ Petition is pending final hearing.

- Our Company alongwith Hiranandani Construction Company Ltd. has filed a Writ Petition (Writ Petition No. 2274 of 2004) challenging the levy of sewerage charges and extra sewerage charges in respect of plots bearing CTS No. 2B/3, 2B/3/1 to 9 of Village Mankhurd and CTS No. 40 of Village Deonar, Tatanagar and Govandi wherein the HAJV has constructed forty (40) rehabilitation buildings. The levy is in respect of the sewerage charges and extra sewerage charges during construction which charges have been paid by the HAJV under protest and without prejudice to their rights and contentions. The Petition is pending hearing. The HAJV has completed construction of the rehabilitation buildings and handed them over to the Mumbai Metropolitan Region Development Authority. The monetary liabilities if the Petition fails is Rs.15,948,500/- which have already been fully paid under protest and without prejudice to the rights and contentions of the HAJV. The matter is currently pending.

Before the City Civil Court, Mumbai

- Our Company has filed a suit (1330/2006) along with a Notice of Motion against Dinesh Balsara on March 20, 2006 to permanently restrain by way of an injunction from disturbing or forcibly entering site of building 3B and 3 C on plot bearing CTS No. 427/2 in Andheri. Thereafter, on March 23, 2006, a Roznama was filed intimating the SRA to remain present. In the meantime, Defendants No. 1 to 6 were directed not to obstruct construction till March 27, 2006. An affidavit in reply to Dinesh Balsara was filed for opposing ad-interim relief prayed in the notice of motion. Thereafter, our Company filed a rejoinder for making notice of motion absolute with costs.. The matter is currently pending.

- Our Company has filed a suit before the City Civil Court (5762/2001) against Khambdev Vaibhav Cooperative Housing Society Limited and others to restrain by permanent injunction from any manner to obstruct reconstruction of compound wall between the rehabilitation area and sale area in Khamdev Nagar, Dharavi, Mumbai-400 017 in same way and same place as was originally there. The court granted interim relief on February 4, 2002 restraining the Defendants by an order and injunction from interfering and/or obstructing the construction of compound wall at the original place. The Defendants preferred an appeal which was disposed of by an order dated March 14, 2002 obstructing the construction of the compound wall at the original place. A written statement was filed by the Defendants praying for dismissal of suit. Thereafter, our Company took out Chamber Summons for restraining by permanent injunction from demolishing and/or causing any damage to part of the compound wall constructed along with absolute costs. The matter is pending.

- Our Company has filed a suit against Damodar Bapurao Gaikwadi & others. (Suit No. 2912 of 2006) for permanently restraining the defendants from obstructing and/or creating any kind of hurdle and/or threatening labourers of our Compnay and/or obstructing redevelopment work carried on the suit property. Municipal Corporation of Greater Mumbai is the owner of the said land. The said land is occupied by various slum dwellers including Defendants, who have put up the structures thereon. The Government of Maharashtra vide Notification declared said whole area covered by the said land as a "slum" under the Maharashtra Slum Areas (Improvement, Clearance, Redevelopment) Act, 1971 ("Act"). Slum dwellers residing on the said land formed a co-operative society in the name of Shastrinagar (SRA) Co-operative Housing Society (Proposed). The said Society appointed Akruti Nirman Ltd. as Developers to the redevelopment of said land. More than 80% of eligible slum dwellers have also appointed Akruti Nirman Ltd. as Developer. Slum Rehabilitation Authority issued Letter of Intent accepting the proposal of Akruti Nirman Ltd. for redevelopment of the area covered by the said land. Thereafter the Defendants have approached Akruti Nirman Limited and asked for additional benefits and/or for allotment of flats to those slum dweller who were not eligible under the scheme as their names did not appear in Annexure-II. Thereafter the Defendants started threatening office bearers of the said Society and abused them. Some of the office bearers got injured in the entire episode. Office bearers of said Society lodged First Information Report (FIR) on 14.04.2006 with Kherwadi Police Station. Defendants gave the said threat for forcibly stopping of redevelopment work on the said land as said action is illegal. Our Company has filed Chamber Summons No.830 of 2006 for substitution of word MCGM by adding State of Maharashtra and MHADA as Defendnats No. 14 and 15 as they are land owning authority they are necessary and proper party to the suit. Therefore the Plaintiff filed suit to declare threat given by Defendants as unlawful and Defendants be permanently restrained by an order of injunction of Honourable Court from obstructing and/or creating any kind of hurdle and/or threatening labourers of Akruti Nirman Ltd. and/or obstructing redevelopment work carried on said land. The matter is currently pending.

Tax Disputes

Before the High Court

- Our Company has filed a writ petition (W.P. No. 2133 of 1999) against the MCGM and others for allegedly wrongly recovering property tax from the Company in relation to the suit properties which actually belong to the Government, the Maharashtra Housing and Development Authority ("**MHADA**") and Maharashtra Industrial Development Corporation ("**MIDC**"), which our Company is in the process of developing. Further, the rateable value fixed by the relevant authorities in relation to the said suit property was alleged to be very high. Our Company has contended that the liability to pay property tax vests only with the Government, MHADA, and MIDC as they are the owners of the said suit property. If the suit property was otherwise liable to be taxed, the annual letting value should be determined as per the annual rent of Rs.1000/- for every 4000 square meters. An interim order was passed by the Hon'ble High Court on April 2, 2000 directing our Company to compute and levy property tax at Rs.1009/- for every 4000 square meters. The said interim order has not been challenged by MCGM till date. Accordingly, our Company has been paying property tax as per the said order till date. The matter is pending.

- Our Company filed a Writ Petition (Writ Petition No. 2694 of 1999) against the BMC and Others challenging the levy of sewerage charges and sewerage taxes for various properties (declared as slum areas) being redeveloped under the provisions of the Development Control Regulations, 1991 in Mumbai. The Respondents were charging both sewerage charges and sewerage tax and have collected an initial amount of Rs. 534,390 (Rupees five hundred thirty four thousand three hundred ninety only). The High Court by an order dated April 20, 2000 issued rule and granted an interim relief to the Petitioners by directing the Respondents not to levy both sewerage charges and sewerage tax and that either of the two was to be levied in accordance with the High Court's order in Hindustan Ciba Geigy vs. Municipal Corporation of Greater Bombay (1997 II LJ). The Respondents nevertheless continued to charge both sewerage charges and sewerage taxes from the Petitioners. Therefore, our Company filed three Contempt Petition Nos. 54/2000, 121/2000 and 53/2001 against the MCGM and orders dated August 16, 2000, March 30, 2001 and May 11, 2001 were passed against the MCGM. In spite of the Contempt Petitions filed, the Respondents have again sought to levy extra sewerage charges on the Petitioners. Therefore, our Company filed another Contempt Petition No.101/2005 against the MCGM for willfully disobeying the said order dated April 20, 2000 and August 16, 2000. Further our Company has also moved Notice of Motion No. 553/2005 directing the MCGM to provide permanent water connection without insisting on payment of extra sewerage charges to the sale building constructed on the suit property No.3. The said Notice of Motion was heard on October 28, 2005 and the Honourable High Court vide order dated October 28, 2005 directed our Company to pay an amount of Rs.1,039,500/-. The said amount was paid by our Company on November 7, 2005 under protest. Our Company has taken out chamber summons for amending the petition interalia for praying for refunding the said amount of Rs.1,039,500/- paid under protest. The Writ Petition is pending final hearing and disposal.

Before the Court of Small Causes at Mumbai

- Our Company has filed a Municipal Appeal No.137/04 (Municipal Appeal Stamp No. 1715/2004) before the Hon'ble Court under Section 217 of the MMC Act challenging the levy of rateable value of Rs.7,355,750 (Rupees seven million three hundred fifty five thousand seven hundred and fifty only) net per annum with effect from May 16, 2001 in respect of suit property i.e. the Softech Park at Saiwadi. The levy has been fixed by the Learned Investigation Officer ("**Learned I.O.**") of the Slum Redevelopment Authority on August 6, 2002. The payments made by our Company have been filed with the Hon'ble Court. The matter is scheduled for hearing on August 11, 2006. The BMC is yet to file its reply. If any adverse order is passed against our Company, the excess amount payable, if any, to the BMC may have to be paid along with interest at the rate of 6.25% per annum till the date of final order.. The matter is pending.

- Our Company has filed a Municipal Appeal No.338/2003 (Municipal Stamp Appeal No. 783/2001) under Section 217 of the MMC Act challenging the levy of rateable value at the rate of Rs.484,035 (Rupees four hundred eighty four thousand and thirty five only) net per annum for the building and Rs.38,875 (Rupees thirty eight thousand eight hundred and seventy five only) net per annum for the basement portion of the property with effect from April 1, 2001 in respect of a building located at Dharavi, Mumbai. The levy has been fixed by the Learned I.O. by an order dated March 23, 2001. The matter is currently pending.

- Our Company has filed a Municipal Appeal No.136/2004 (Municipal Appeal Stamp No. 1716/2002) under Section 217 of the MMC Act challenging the levy of rateable value at the rate of Rs. 1,435,225 (Rupees One million four hundred and thirty five thousand two hundred and twenty five only) net per annum. The levy has been fixed by the Learned I.O. by an order dated August 12, 2002. The BMC has filed their reply. The payments made by the Company have been filed with the Hon'ble Court. The matter is pending. If any adverse order is passed against our Company, the excess amount payable, if any, to the BMC may have to be paid along with interest at the rate of 6.25% per annum till the date of final order. The matter is pending.

- Our Company has filed Municipal Appeals No.463/2005 (Municipal Appeal Stamp No. 1620/2004) under Section 217 of the MMC Act challenging the levy of rateable value at the rate of Rs.1,430,180 (Rupees One million four hundred and thirty thousand one hundred and eighty only) net per annum. The levy has been fixed by the Learned I.O. with effect from May 28, 2003. Our Company's contention is that the Municipal Corporation of Greater Mumbai has failed to appreciate that our Company is implementing a scheme for Slum Redevelopment which is in accordance with Regulation 33 (10) of the Development Control Regulations. Our Company has further contended that it does not derive any title over the property as the property is land owned by the Government of Maharashtra and therefore the liability of payment of property tax should be on the Government. Additionally, the Company contends that the Learned I.O. has not extended the benefit of calculating the value of the property at 75% of the market value and levying tax on 20% of the value of the property so calculated as per Government Notification dated November 7, 1997 bearing No. BMC/1996/6183/CR50/97/UD21 by which the Government of Maharashtra has reduced the rate of property taxes during the period of 20 years with effect from November 23, 1995 or from the date of occupation of premises whichever is later. Our Company contends that the Learned I.O. has failed to take into consideration the situation, the location of the property, and has assessed the property without application of mind. The payments made by the Company have been filed with the Court. If any adverse order is passed against our Company, the excess amount payable, if any, to the BMC may have to be paid along with interest at the rate of 6.25% per annum till the date of final order. The matter is currently pending.

- Our Company has filed a Municipal Appeal (Municipal Appeal Stamp No. 1070/2005) under Section 217 of the MMC Act challenging the levy of rateable value at a rate of Rs.778,615 (Rupees Seven hundred and seventy eight thousand six hundred and fifteen only) net per annum with effect from July 1, 2004 as fixed by the Learned I.O. by an order dated July 13, 2005. Our Company's contention is that the MCGM has not taken into consideration that the plot is the property of the MIDC and therefore the assessment liability should be on the MIDC. Further our Company contends that the MCGM have assessed the ground floor of the property separately and made the Company liable for payment of tax on the same. However, the ground floor is occupied by shops/commercial establishments, the shop owners/proprietors of whom are tenants of MIDC and not of our Company. Therefore the Company is not liable to pay tax for the ground floor. The details of payments made by the Company have been filed with the Hon'ble Court for the purposes of numbering of the appeal. The matter is pending. If any adverse order is passed against our Company, the excess amount payable, if any, to the BMC may have to be paid along with interest at the rate of 6.25% per annum till the date of final order. The matter is currently pending.

- Our Company has filed a Municipal Appeal No.67/2002 (Municipal Appeal Stamp No. 1233/1999) under Section 217 of the MMC Act challenging the levy of rateable value at the rate of Rs.216,750 (Rupees Two hundred and sixteen thousand seven hundred and fifty only) net per annum with effect from April 1, 1997 as fixed by the Learned I.O. by an order dated June 26, 1998. Our Company's contention is that it is a mere developer of the property and the Municipal Corporation of Greater Mumbai ("**MCGM**") has failed to appreciate that our Company has not derived title over the property as the property is a plot owned by MCGM and therefore the assessment liability should be on MCGM. Further, our Company has contended that the MCGM has demanded water tax and sewerage tax when it is already charging water charges for a metered water connection provided. Our Company further contends that MCGM has failed to appreciate that if our Company is liable to pay tax then the tax has to be determined at the rate of Rs.1000 (Rupees Thousand only) for every 4000 square meters since the property is slum property. The MCGM has filed their Written Statement. The payments made by the Company have been filed with the Hon'ble Court. If any adverse order is passed against our Company, the excess amount payable, if any, to the BMC may have to be paid along with interest at the rate of 6.25% per annum till the date of final order. The matter is currently pending.

Search and Seizure proceedings under the Income Tax Act, 1961

The premises of the Company, two of its group companies, Citygold Management Services Private Limited and Ichha Constructions Private Limited, residential premises of the directors and one of the employees of the Company were subjected to search and seizure operations under section 132 of the Income Tax Act, 1961 on August 10, 2006. During the search operations certain records and documents were seized by the Income Tax authorities. Pursuant to these operations, the Company has filed declaration under section 132(4) of the Income Tax Act, 1961 by way of its letter dated September 22, 2006 whereby certain claims previously made by the Company by way of deductions under section 80IB(10) & 80IA(4)(iii) of the Income Tax Act, 1961 amounting to Rs.189.2 millions were withdrawn. The aforesaid withdrawal of deductions is subject to reassessment proceedings under Income Tax Act, 1961 which shall be carried out in a time period prescribed by law.

BY OUR SUBSIDIARIES

Before the Court of Small Causes at Mumbai

- Our subsidiary company i.e. Arnav Properties Private Limited, has filed a Municipal Appeal (Municipal Appeal Stamp No. 2157/2004) under Section 217 of the MMC Act, challenging the exorbitant levy of rateable value at Rs.181,235 (Rupees One hundred and eighty one thousand two hundred and thirty five only) net per annum with effect from April 1, 2003 to March 21, 2004. Our subsidiary company's contention is that since the property has been constructed under Regulation 33(7) of the Development Control Regulations and all old tenants are provided accommodation free of cost, the rent which they were paying prior to the redevelopment the ought to have been taken as the base for fixing the rateable value of the property and not the rates of Rs. 427 (Rupees Four Hundred and Twenty Seven only) to Rs. 433 (Rupees Four Hundred and Thirty Three only) per 10 square meters Further, our subsidiary company contends that the Learned I.O. did not give the benefits of assessing the property at 75% of the market value and tax to be levied at 20% for the initial period of ten years. The payment details have been filed before the Hon'ble Court by our subsidiary company. The matter is currently pending.

- Akruti SteelFab Corporation has filed a Municipal Appeal No.355/2005 (Municipal Appeal Stamp No.1892/2003) under Section 217 of the MMC Act challenging the exorbitant levy of rateable value at the rate of Rs.587,590 (Rupees Five hundred and eighty seven thousand five hundred and ninety only) net per annum with effect from April 9, 2002 fixed by the Learned I.O. Our subsidiary company has contended that the Municipal Corporation of Greater Mumbai has failed to appreciate that the subsidiary company is implementing a scheme for slum redevelopment which is in accordance with Regulation 33(10) of the Development Control Regulations. Further our subsidiary company does not derive any title over the property as the property is owned by the Government of Maharashtra and therefore the liability of payment of property tax should be on the Government and not our subsidiary company. The subsidiary company has filed the payment details before the Hon'ble Court. The matter is currently pending.

- Our subsidiary company, i.e. Vishal Tekniks (Civil) Private Limited, has filed a Municipal Appeal No. 1831/2002 (Municipal Appeal Stamp No. 1355/1999) under Section 217 of the MMC Act challenging the various bills issued by the Municipal Corporation of Greater Mumbai for land under construction. This Municipal Appeal is in accordance with an order of the Hon'ble High Court dated November 20, 2002 giving liberty to challenge the disputed bills under Section 217 of the MMC Act. The subsidiary company has filed the payment details before the Hon'ble Court. The matter is currently pending.

MATERIAL DEVELOPMENTS

In the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

GOVERNMENT APPROVALS

Except as stated below, we have received the necessary approvals from the GoM and various governmental and regulatory authorities in relation to our projects under development and planned projects. No further approvals are required for conducting our present business other than as described below.

APPROVALS FOR THE ISSUE

We have received confirmation from DIPP vide their letter no. 5(6)/2000-FC(Pt.file) dated November 14, 2006 and from RBI vide their letter No. FE.CO.FID/12752/10.78.000/2006-07 dated December 12, 2006 allowing FII participation in the Issue.

APPROVALS FOR OUR PROJECTS

Our projects are developed or have been either developed by our Company or through our Company's subsidiaries, joint ventures or associate entities. Our projects have been developed on freehold as well as leasehold properties.

All approvals are mainly divided into following stages:

- Stage 1-Obtaining Letter of Intent. This indicates the acceptance of Slum Rehabilitation Scheme by the sanctioning authority. This is issued for our slum rehabilitation projects. This gives the basic data and parameters for the scheme.

- Stage 2-Obtaining Layout Approval*-This is required for projects having more than 1 building. This gives approval to layout of design and zoning of various areas on plot i.e.- roads, recreation areas, rehab buildings, sale buildings etc.

- Stage 3 – No objection certificate ("NOC") granted by the chief fire officer ("CFO"). This is granted by Chief Fire Officer in respect of buildings which would exceed 24 metres of height. ("CFO NOC")

- Stage 4- No objection certificate granted by Airports Authority of India. This is required from the Airports Authority of India in respect of development of areas which are in the vicinity of an airport.

- Stage 5-Intimation of Approval /Disapproval* (IOA/IOD)-This is given for each individual building on any plot. This gives approval to a detailed plan for that building thereby finalizing all the detail parameters of that particular building.

- Stage 6-Commencement Certificate (CC)*-This gives us permission to commence the work on site.

- Stage 7-Further Commencement Certificate-This is issued after completion of the plinth of any building or Stilt slab where the building comprises Stilt and upper floors. This permits us to commence work on the upper floors to the terrace of the building unless specified otherwise.In case of Slum schemes, Sale buildings may get FCC in various stages depending upon the stage of approval of Rehab building.

- Stage 8-Occupation Certificate (OC)-This is issued after the entire construction work on site is completed and the structure is fit for occupation by complying with all the conditions

*For projects where MIDC is the sanctioning authority, layout approval, IOA /IOD and commencement certificates are not issued. MIDC sanctions a single approval (which includes approval of layout and individual buildings) on the plot and commencement of the work can be started after obtaining necessary approvals from the chief fire officer and Airports Authority of India.

Akruti One World

Saiwadi (Rehabilitation, Sale Residential & Sale Commercial) Project

Location: Andheri (E), Mumbai K/E Ward.

Approvals Obtained

Sanctioning Authority: Slum Rehabilitation Authority, Bandra (E).

Description	Reference	Issue Date	Expiry Date
Revised letter of intent for scheme of the slum rehabilitation scheme granted by the SRA.	SRA/Ch.E/172/KE/ML/LOI	October 18, 2004	NA
Layout Approval for the scheme granted by SRA.	SRA/Ch.E/94/KE/ML/LAY	February 22, 1999.	NA
Amended Layout Approval for the scheme granted by SRA.	SRA/Eng/94/KE/ML/LAY	December 14, 2004	NA
Intimation of approval for sale commercial building 1 plan granted by the SRA	SRA/Eng/1287/KE/ML/AP	May 20, 2005	NA
Intimation of approval for sale commercial building 2 plan granted by the SRA	SRA/Eng/1399/KE/ML/AP	June 24, 2005	Renewed till 21st September 2007.
Permission to commence construction up to plinth level for sale commercial building no,1 granted by the SRA	SRA/Eng/1287/KE/ML/AP	July 8, 2005	July 7, 2006 Renewed till 08th July 2007.
Amended Intimation of approval for sale commercial building 1 plan granted by the SRA.	SRA/Eng/1287/KE/ML/AP	November 28, 2006	N.A.
Sanctioning Authority: Chief Fire Officer, Mumbai.			
Certificate of no objection granted by chief fire officer, Mumbai in respect of amended building for sale commercial building no 1 & 2.	FBM/S/505/384	August 12, 2005	NA
Sanctioning Authority: Airport Authority of India.			
Certificate of no objection granted for height clearance from	AAI/20012/737/2005-ARI (NOC)	August 9, 2005	Valid for the period

Airports Authority of India., New Delhi			of three years from date of issue and shall be further revalidated as per policy.
Sanctioning Authority – Deputy Chief Engineer (Traffic), MCGM			
Approval for parking layout plan for proposed commercial building No.1	DY Ch E/9832	December 29, 2006	N.A
Office of the Chief Engineer (Mechanical and Elecrical), MCGM			
Approval for the air-conditioning and ventilation plan for the Sale Commercial Building No. 1	Ch.E./M&E/5889	December 16, 2006	N.A.

1. In relation to the rehabilitation buildings constructed for the rehabilitation of slum dwellers, we have obtained all approvals and completed construction for builidngs 1A, 1B, 1C, 5A, 6AB, 7ABC, 9ABC, 11AB, 12A, 12B, 13A, 13B & 14 and have obtained approvals for the current stage of constructions of rehabilitation buildings 2, 3, 8 & 10.

2. In relation to the Sale Residential buildings we have obtained all approvals and completed construction for Sale 1 (Wing A&B) building known as Akruti Vega, Sale 2 (Wing A&B) building known as Akruti Atria and Sale 2 (Wing C&D) building known as Akruti Nova (collectively known as Niharika Complex).

Approvals Applied For

Our Company has, on February 6, 2006 applied to the SRA for approving the amended building plans of commercial building 2.

Application to Assistant Engineer, Traffic & Co-ordination asking for parking approval for commercial building 1 dated November 27, 2006.

Application to Ministry of Environment and Forest for Environmental clearance dated November 8, 2006.

Akruti Princess

The Mayanagar B.G. Kher Marg, Worli

Location: B.G. Kher Marg, Worli. G/S Ward.

Approvals Obtained

Sanctioning Authority: Slum Rehabilitation Authority, Bandra (E).

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
1.	Letter of intent for approval of slum rehabilitation scheme granted by the SRA	SRA/Ch.E/158/GS/ML/LOI	August 20, 1998	NA
2	Layout Approval sanctioned by SRA	SRA/ChE/115/GS/ML/LAY	November 2. 1998	NA
3	Certificate of no objection granted by Chief Fire Officer, Mumbai in respect to building plan for sale building.	FBM/598/181	September 21, 1998	NA
4	Certificate of no objection granted by Chief Fire Officer, Mumbai in respect to building plan for sale building.	FBM/598/156	February 24, 1999	NA

1. In relation to the Rehabilitation buildings constructed for the rehabilitation of slum dwellers, we have obtained all approvals and completed construction for Rehab 1 & 2 and are in process of obtaining approvals for Rehab 3 (Wing A&B).

2. In relation to the Sale Residential Building we have obtained the NOC from CFO.

Akruti Elite Plaza

Mahalaxmi Car Parking (Parking Tower & Sale Commercial)

Location: Mahalaxmi Race Course. D Ward.

Approvals Obtained

Sanctioning Authority: Building Proposal , BMC, Byculla, Mumbai.

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
1	Letter of acceptance to M/s Akruti Nirman Limited from Dy. Chief Engineer (P.I.Cell) on behalf of the Municipal Corporation of Greater Mumbai.	Dy.Ch.E.(P.I.Cell)/145	April 21, 2003	NA
Commercial Wing & Parking Tower				
1.	Intimation of Disapproval (I.O.D) for Commercial Wing and Car Parking Tower granted by Executive Engineer, Building Proposal (City), Mumbai.	EEBP/9833/D/A	July 1, 2003	NA

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
2.	Amended I.O.D. in respect of Commercial Wing and Car Parking Tower granted by Executive Engineer, Building Proposal (City), Mumbai.	EB/9833/D/A	March 30, 2005 January 25, 2006	NA
3.	Permission to Commence construction up to Ground Level for Car parking Tower and Commercial Wing and permission up to 20 storeyed level for Mechanical Car Parking	EEBPC/9833/D/A endorsed by EB/9833/D/A	July 4, 2003 and January 17, 2006	Renewed till July 2007.
4.	Amended Permission to commence construction up to plinth granted by executive engineer Building proposal (City) Mumbai in respect of commercial wing.	EB/9833/D/A	February 8, 2006	NA
Chief Fire Officer, Mumbai				
1.	Certificate of no objection granted by Chief Fire Officer, Mumbai in respect of Mechanized Car Parking Tower and Commercial Wing.	FBM/504/217 FBM/503/137	Oct.27, 2004 March 05, 2004	NA

Approvals Applied For

Our Company has applied to the Hon'ble Chairperson, Maharashtra Coastal Zone Management Authority for certificate of approval through application dated May 26, 2006.

Approvals to be Applied For

Further C.C. for Commercial Wing.

Akruti Central Square – (Pocket 5)

Location: Marol MIDC, Andheri (E), Mumbai (K/E Ward.)

Approvals Obtained

Sanctioning Authority: MIDC, Andheri (E)

Sr. No.	Description of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Letter of Intent granted by Maharashtra Industrial Development Corporation (MIDC) in respect of entire project.	TB/SLUM/1313/OF'97	April 28, 1997	NA
02	Approval for extension of time for completion of the project granted by MIDC.	TB/MRL/492/ OF 2005	February 11, 2005	Valid till April 30, 2007
03	Amended approval for rehab buildings & commercial sale building granted by MIDC.	DE/Slum/V/2596/ of 2005	December 06, 2005	NA

Sanctioning Authority : Airports Authority Of India

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Certificate of no objection in respect of commercial sale building granted by Airport Authority of India, New Delhi	AAI/NAD/20012/356/1999-AR I(NOC)	June 23, 2005	NA
02	Certificate of no objection in respect of commercial sale building granted by Airport Authority of India, Mumbai	BT-1/NOCC/CS/276-D/2421-23	July 29, 2005	Valid for the period of three years from date of issue and shall be further revalidated as per policy.

1. In relation to the Rehab buildings constructed for the rehabilitation of slum dwellers, we have obtained approvals for the all 9 rehab buildings in the scheme and completed construction and obtained part completion certificate for Rehab buidings 4, 7& 8 .

Approvals to be Applied For

CFO NOC for sale building.

Akruti Central Link (P-9 MIDC)

Location: Marol MIDC, Andheri (E), Mumbai. (K/E Ward.)

Approvals Obtained

Sanctioning Authority: MIDC, Andheri (E).

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Letter of Intent in respect of entire project.	TB/SLUM/1313/OF'97	April 28, 1997	NA
02	Approval for extension of time for the Project.	TB/MRL/492/ OF 2005	February 11, 2005	Valid till April 30, 2007

1. In relation to the rehabilitation buildings constructed for the rehabilitation of slum dwellers, we have obtained approvals for the two of the rehabilitation buildings and completed construction and obtained full completion certificate for rehabilitation building 1.

2. In relation to the Sale Building, we have not obatined or applied for any approvals yet.

Approvals Applied For

Our Company has made the following applications:

Applied for Civil Aviation NOC dated August 8, 2006 for the scheme.

Approvals to be Applied For

NOC and Approval of Sale Building from Chief Fire Officer and MIDC.

Ghatkopar PWD (IVIL)

Location: Ghatkopar (E).

Approvals Obtained:

Sanctioning Authority: MCGM, Mumbai

Sr. No.	Description of approval/document	Reference /License No.	Issue Date	Expiry Date
01	Letter of Acceptance To Company from Dy. Chief Engineer (P.I.Cell) granted by Municipal Corporation of Greater Mumbai.	IU/AB/TC/1009	May 21, 2004	NA
02	Layout Approval	CE/42/BPES/GOVT/LON	March .9, 2005	NA
03	Amended Layout Approval	CE/42/BPES/LON/Govt	May 22, 2006	NA
04	Certificate of No Objection from Minister of Environment and Fforests, GOI,	J-12011/43/2005-IA (CIE)	March 21, 2006	NA

05	Amended Certificate of No Objection from Minister of Environment and Forests, GOI,	J-12011/43/2005-IA (CIE)	October 26, 2006	NA
06	Intimation of Disapproval in respect of Govt. Quarters consisting of 4 wings (Wing 1-4) granted by Executive Engineer, Municipal Corporation of Greater Mumbai.	CE/406/BPES/Govt/N	May 25, 2005	NA
07	Amended Intimation of Approval in respect of Govt. Quarters residential building (Wing 5, 6, 7, 8 &9)	CE/406/BPES/Govt/N	August 1, 2006	NA
08	Permission to commence construction in respect of Public Work Department Building for all wings up to stilt slab granted by Executive Engineer, Municipal Corporation of Greater Mumbai. (Wing A1-A4)	CE / 406 / BPES / GOVT / N	June 21, 2005	Valid for the period of one year from date of issue. Renewed till June 20, 2007.

DLF Akruti Info Park

Pune I.T. (I.T. Park)

Location: Hinjewadi, Pune.

Approvals obtained

Sanctioning Authority : Pune, MIDC; Ministry of Environment and Forest; Ministry of Commerce and Industry

Sr. No.	**Description Of Approval/Document**	**Reference /License No.**	**Issue Date**	**Expiry Date**
01	Letter of Allotment of land in respect of commercial land from MIDC	ROP/HINJ/L/4841	September. 9, 2004	NA
02	Approval of building plan and permission to commence construction, granted by IT Division, MIDC.	EE/I.T./Plans/2206/ Of 2005	November 2, 2005	NA
03	Provisional certificate of no objection granted Chief Fire Officer, Maharashtra Industrial Development Corporation in respect of three proposed buildings.	MIDC/Fire/154	August 17, 2005	NA

04	Certificate of Environmental Clearance for the scheme granted by Ministry of Environment & Forest (MOEF).	J-12011/79/2005-IA-III (CIE)	June 16, 2006	NA
05	Approval granted up for setting up IT/ITES SEZ by Department of Commerce (EPZ section), Ministry of Commerce and Industry on 60 acres of land	F.2/125/2005-EPZ	January 20, 2006	NA
06	Certificate of No Objection granted by Chief Fire Officer, Maharashtra Industrial Development Corporation For one building.	MIDC/Fire/394	June 12, 2006	NA

Akruti One World

Shankarwadi (Rehab & Sale Commercial)

Location: Jogeshwari (E), Mumbai. K/E Ward.

Approvals Obtained

Sanctioning Authority: Slum Rehabilitation Authority, Bandra (E).

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Revised letter of intent for the scheme granted by Slum Rehabilitation Authority.	SRA/Eng/356/KE/ML/LOI	August 24, 2001	NA
03	Layout approval of project	SRA/Eng/279/KE/ML/LAY	November 05, 2004	NA

1. In relation to the rehabilitation buildings constructed for the rehabilitation of slum dwellers, we have obtained all approvals and completed construction for Rehab 2 (Wing A&B), obtained approvals for Rehab 1 and 3.

2. In relation to the Sale Building, we have not obtained or applied for any approvals yet.

Approvals Applied For

Our Company has made the following applications:

Application to Executive Engineer, Slum Rehabilitation Authority, Mumbai asking for Revised Letter of Intent with additional plot dated March 2, 2006.

Akruti One World

A -Mall Project

Location: Thane (W).

Approvals Obtained

Sanctioning Authority: Thane Municipal Corporation, Thane.

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Permission / commence construction upto apart 4th floor granted by Thane Municipal Corporation, Thane.	V.P. No. 2004/124 TMC/TDD/5867	February 28, 2005	Application is submitted to Thane Municipal Corporation for revalidation.
02	Certificate of No Objection granted by Chief Fire Officer, Thane.	No. TMC/CFO/M/382	June 20, 2005	NA

Approvals to be Applied For

Amended approval for the mall

Akruti One World

K-Mall (Mall Project)

Location: L.B.S. Road, Kanjurmarg (S-Ward).

Approvals Obtained

Sanctioning Authority: Mumbai Metropolitan Region Development Authority ("MMRDA") (SRA Cell), Bandra (E).

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Letter Of Intent For Approval	MMRDA/SRA/LOI/21/PL/S/2003	August 14, 2003	NA.
02	Intimation of Disapproval received in respect of mall building.	MMRDA/SE/SRA Cell/ 21/IOA-75/PL/S	December 21, 2005	NA
03	Permission to commence construction up to plinth level for Phase I and up to upper basement level in respect of mall building.	MMRDA/EE/SRA CELL/21/IOA-75/PL/'S' Ward	January 06, 2006	January 6, 2007

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
04	Permission for Full Commencement of construction for Phase I, excluding southwest corner and plinth C.C. for phase II.	MMRDA/EE/SRA Cell/21/IOA-75/PL/'S' Ward	05th May, 2006	05th May 2007
05	Certificate of No Objection granted by Chief Fire Officer, Mumbai in respect of mall building .	FBM/S/405/463	September 1, 2005.	NA
06	Certificate of No Objection granted by Chief Fire Officer, Mumbai in respect of trees of mall Building.	FBM/S/405/1612	February 21, 2006	NA

Approvals Applied For

Our Company has applied to Superintendent of Engineer (MMRDA-SRA Cell) asking for amended approval for the mall dated May 18, 2006.

Approval to be Applied For

Further C.C. for Phase - II.

Akruti One World

MSRTC (S-MALL)

Location: Thane (W)

Approvals Obtained

Sanctioning Authority: Thane Municipal Corporation, Thane

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Permission /commencement for construction upto ground+ 1st Floor	2002/40 TMC/TDD/591	April 17, 2003	N.A. In process of obtaining revised permission.

Akruti Empire

BKC (Commercial Building)

Location: Bandra Kurla Complex

Approvals Obtained

Sanctioning Authority: Building Proposal, BMC, Bandra.

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Intimation of Disapproval obtained for commercial building	EB/CE/987/WS/AH/OBS/A	August 09, 2000	Renewed till 09th August, 2007
02	Amended Intimation of Disapproval obtained for commercial building	CE/987/WS/AH	October.9, 2006	NA
03	Permission for commencement of construction works up to top of basement as per approval-dated 09.10.2006.	CE/987/WS/AH/AK	December 7, 2006	August 18, 2007

Approvals Applied For

Application for TDR dated November 18, 2005.

Approval to be Applied For

Civil Aviation NOC.
NOC from Executive Engineer (Traffic and Coordination) for commercial buildings.

Akruti Elegance

Gavanpada (Rehab & Sale Residential Project)

Location: Gavanpada, Mulund (E), T Ward

Approvals Obtained

Sanctioning Authority: Slum Rehabilitation Authority, Bandra (E),

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Revised letter of intent for approval of Slum Rehabilitation Scheme	SRA/Ch.E/174/T/MHL/LOI	April 28, 2005	N.A.
02	Layout approval for the scheme from SRA	SRA/CHE/93/T/MHL/LAY	May 27, 1998	
03	Amended layout approval plan for entire projects of Slum Rehabilitation Scheme	SRA/ENG/93/T/MHL/LAY	November 02, 2002	N.A
04	Amended layout approval plan for entire projects of Slum Rehabilitation Scheme	SRA/ENG/93/T/MHL/LAYOUT	October 15, 2003	N.A.

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
05	Amended layout approval plan for entire projects of Slum Rehabilitation Scheme	SRA/Eng/93/T/MHL/LAY	September 02, 2005	N.A.
06	Intimation of Approval in respect of SALE A granted by SRA	SRA/Ch.E/270/T/MHL/AP/Sale Bldg. A	April 26, 1999	NA
07	Amended Initmation of Approval for sale residential building (Wing. A & B)	SRA/Eng/270/T/MHL/AP	November 08, 2002	N.A.
08	Amended approval for sale residential building no. (Wing A& B)	SRA/Eng/270/T/MHL/AP	May 17, 2003	N.A.
09	Amended approval for sale residential building no. (Wing A & B) and full O.C.C. for Wing A	SRA/Eng/270/T/MHL/OCC	July 22, 2005	N.A.
10	Commencement certificate up to stilt level for sale residential building no. (Wing A)	SRA/Eng/270/T/MHL/AP	November 28, 2002	NA
11	C.C. Up to 7th Slab of Wing A & up to Plinth Level for Wing B	SRA/Eng/270/T/MHL/AP	Februaru 5. 2004	NA
12	Further C.C. Up to 13th Slab of Wing A& Up to Pl. Level for Wg B	SRA/Eng/270/T/MHL/AP	April 30, 2004	Valid for the period of one year and shall be further renewed as per present policy.
13	Further C.C. Up to 5th Floor of Wing B.	SRA/Eng/270/T/MHL/AP	July 22, 2005	NA
14	Permission to commence construction up to 13th floor, B wing	SRA/Eng/270/T/MHL/AP	December 28, 2005	N.A.

Sanctioning Authority: Chief Fire Officer, Mumbai

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
15	Certificate of No Objection granted by Chief Fire Officer, Mumbai in respect of sale	FBM/S/502/557	Jan. 14, 2003	N.A.

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
	building (Wing A&B).			
16	Revised Certificate of No Objection granted by Chief Fire Officer, Mumbai in respect of sale building (Wing A&B).	FBM/S/504/802	April 08, 2004	N.A.
17	Certificate of No Objection granted by CFO, Mumbai in respect of Part Occupation Certificate for sale building (Wing A).	FBM/S/505/194	June 07, 2005	N.A.
18	Revised Certificate of No Objection granted by Chief Fire Officer, Mumbai in respect of sale building (Wing A&B)	FBM/S/506/816	November 23, 2006	NA

1. In relation to the rehabilitation buildings constructed for the rehabilitation of slum dwellers, we have obtained all approvals and completed construction for Rehab SL2, SL3, SL4, SL5 & SL6. We have obtained approvals for Rehab 1 and are in process of obtaining approval for commercial block.

Approvals Applied For

Our Company has made the following applications:

5. Application to Executive Engineer SRA, Mumbai asking for amended approval for sale building with clubhouse dated March 17, 2006.

Akruti Erica & Akruti Orion.

Ashram Chawl (Rehab, Sale Residential & Sale Commercial)

Location: Shraddhnanand Road, Vile Parle (E), K/E Ward.

Approvals Obtained

Sanctioning Authority: Slum Rehabilitation Authority, Bandra (E)

Sr. No.	Description of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Revised Letter of Intent for approval of the slum Rehabilitation scheme	SRA/Dy.CE/83/KE/ML/LOI	July 13, 2001	N.A.
02	Layout Approval for the scheme	SRA/Eng//77/KE/ML/AP	June 08, 2004	N.A.
03	Amended Layout Approval for the scheme	SRA/ChE/77/KE/ML/AP/LAY	October 06, 2005.	N.A.
	Sale B (Commercial Building)			
04	Intimation of Approval in respect of Sale building B, granted by SRA.	SRA/DYCE/264/KE/ML/AP	April 15, 1998	NA
05	Amended Intimation of approval in respect of Sale building B	SRA/CE/264/KE/ML/AP	July 13, 2004	N.A.
06	Permission to commence work up to plinth in respect of sale building B granted by SRA.	SRA/Che/264/KE/ML/AP	July 13, 2004	NA
07	Permission to commence full work in respect of Sale Building B granted by SRA.	SRA/Che/264/KE/ML/AP	August 11. 2004	NA
08	Permission for Part Occupation in respect of Sale Building B (1st-6th Floor)	SRA/Eng/264/KE/ML/AP/OCC	January 13, 2006	NA
09	Permission for Full Occupation Certificate in respect of sale commercial building B	SRA/Eng/264/KE/ML/AP/OCC	February 02, 2006	N.A.
Sanctioning Authority: Chief Fire Officer, Mumbai				
10	Certification of No Objection granted by the Chief Fire Officer, Mumbai in respect of sale building B.	FBM/S/501/681	Mar. 16, 2002	NA
11	Certification of No Objection granted by the Chief Fire Officer, Mumbai in respect of	FBM/S/504/151	June17, 2004	N.A.

Sr. No.	Description of Approval/Document	Reference /License No.	Issue Date	Expiry Date
	sale building B.			
12	No objection certificate granted by CFO, Mumbai for obtaining OCC for Sale Building B.	FBM/S/505/570	October 4. 2005	NA
	Sale A (Residential Building)			
13	Intimation of Approval in respect of sale bldg A granted by SRA.	SRA/ENG/1188/KE/ML/AP	March 07, 2005	N.A.
14	Amended Intimation of Approval in respect of sale building A granted by SRA.	SRA/CE/1188/KE/ML/AP	April 18' 2006	N.A.
15	Permission to commence work up to plinth in respect of sale building A granted by SRA.	SRA/Eng/1188/KE/ML/AP	March 9, 2005	Valid for the period of one year and shall be further renewed as per present policy. Renewed till March 9, 2007
16	Permission to commence work up to 5th Floor level except for portion of flat no. 4 in respect of sale building A granted by SRA.	SRA/Eng/1188/KE/ML/AP	August 18, 2005	NA
17	Permission to Commence Construction upto 10th floor in respect of sale A (Including Flat 4 regularization from 1st-7th Floor)	SRA/ENG/1188/KE/ML/AP	August 25, 2005	N.A.
Sanctioning Authority: Chief Fire Officer, Mumbai				
18	Revised Certification of No Objection granted by the Chief Fire Officer, Mumbai in respect of sale building A.	FBM/S/505/716	January 31, 2005	N.A.
19	Revised Certification of No Objection granted by the Chief Fire Officer, Mumbai in respect of Sale building. A.	FBM/S/505/385	August 10. 2005	N.A.

Sr. No.	Description of Approval/Document	Reference /License No.	Issue Date	Expiry Date
20	Certificate of No Objection from Air Port Authority Of India in respect of the scheme from New Delhi.	AAI/20012/290/2002-ARI (NOC)	August 24, 2005	Valid for the period of three years from date of issue.
21	Revised Certificate of No Objection granted by the Chief Fire Officer, Mumbai in respect of Sale building. A.	FBM/S/506/817	November 23, 2006	NA

In relation to the rehabilitation buildings constructed for the rehabilitation of slum dwellers, we have obtained all approvals and completed construction for Rehab 1 (Wing A&B), 2 & 3 (Wing A&B) buildings.

Approvals Applied For

Our Company has made the following applications:

Application addressed to Asst. Engineer (Development Plan) for release of construction TDR dated April 24, 2006.

Application to Executive Engineer (SRA), asking for recommendation letter for release of TDR in lieu of buildable Reservation dated May 25, 2006.

Approval to Be Applied For

Full C.C. for sale building

Akruti Turf View

Rajeevnagar (Rehab & Sale Residential)

Location: Near Mahalaxmi Race Course. G/S Ward.

Approvals Obtained

Sanctioning Authority: Slum Rehabilitation Authority, Bandra (E).

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Revised Letter Of Intent For Approval Of Slum Rehabilitation Scheme.	SRA/Ch.E/10/GS/ML/LOI	September 16, 2004	N.A.
02	Layout Approval for the scheme	SRA/ChE/67/GS/ML/LAY	March 27, 1998	NA

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
03	Amended Layout Approval for the scheme	SRA/ChE/67/GS/ML/LAY	July 1, 1998	NA

1. In relation to the rehabilitation buildings constructed for the rehabilitation of slum dwellers, we have obtained approvals and are in process of obtaining further approvals required for Rehab Wing A, B & C.

2. In relation to the Sale Building, we have not obtained or applied for any approvals yet.

Akruti Ambience

Shastrinagar (Rehab & Sale Residential)

Location: Bandra (E), Mumbai H/E Ward.

Approvals Obtained

Sanctioning Authority: Slum Rehabilitation Authority, Bandra (E).

Sr. No.	Description of approval/document	Reference /License No.	Issue Date	Expiry Date
01	Letter of Intent for approval of the Slum Rehabilitation Scheme	SRA/ENG/327/HE/STGL/LOI	April 28, 2005	NA
Sanctioning Authority: Department of Civil Aviation, Airport Authority of India				
02	Certificate of No Objection granted by the Department of Civil Aviation, Airport Authority Of India, New Delhi .	AAI/20012/994/2005- AR I (NOC)	October 10, 2005	N.A.
03	Certificate of No Objection granted by the Department Of Civil Aviation, Airport Authority of India from New Mumbai	BT-1/NOCC/CS/193-K/270-72	January 02, 2006	Valid for the period of three years from date of issue.

1. In relation to the rehabilitaion buildings constructed for the rehabilitation of slum dwellers, we have obtained CFO NOC for all rehabilitation buildings, obtained IOA & C.C up to plinth for Rehab 1 we are in process obtaining approvals for the current stage of constructions for all other rehabilitation buildings.

2. In relation to the Sale Buildings, we have not obtained or applied for any approvals yet.

Approvals Applied For

Application to Executive Engineer (SRA) asking for Layout Approval dated May 16, 2006.

Application to Ministry of Environment and Forest for obtaining Environmental Clearance dated November 3, 2006.

Akruti Emerald

B.I.T. (Tenants & Sale Residential Project)

Location: Bhaudaji Road, Matunga, F/N Ward.

Approval Obtained

Sanctioning Authority: Building Proposal, Byculla

Sr. No.	Description of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Letter of Intent granted by the Municipal Corporation of Greater Mumbai in terms of DCR 33(7).	ESTATES/1092/MC/SO	August 01, 1996	N.A.
02	Intimation of Disapproval in respect of tenants Building A granted by MCGM.	EB/5450/F/N/AR	July 21 1999	N.A.
03	Permission To Commence Construction for building A (up to stilt) granted by Municipal Corporation of Greater Mumbai	EEBPC/5450/F/N/AR	January 08, 2003	Valid for the period of one year and shall be further renewed as per present policy.
04	Intimation of Disapproval in respect of tenants Building B granted by BMC.	EEBPR/6856/F/N/AR	July 21 1999	Shall be further renewed as per policy.
05	No objection certificate granted by Chief Fire Officer in respect of building A&B.	FBM/598/124	November 27, 1998	NA

Approvals Applied For

Nil.

Approvals to be Applied For

Revised CFO NOC from Chief Fire Officer.

Akruti Emperor Tower

Tulsiwadi (Rehab & Sale Residential)

Location: K.Khayde Marg, Tardeo D Ward.

Approval Obtained

Sanctioning Authority : Building Proposal, Byculla

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Layout Approval for entire projects of entire scheme granted by Municipal Corporation Greater Mumbai	EEBP/1221/D/AL	August 11, 2005	N.A.
02	Amended Layout Approval for entire projects of entire scheme granted by Municipal Corporation Greater Mumbai.	EB/1221/D/AL	May 11, 20 06.	NA
03	Certificate of Environmental Clearance for the scheme granted by Ministry of Environment & Forest (MOEF).	21-180/2006-IA.III	September 21,2006	NA

1. In relation to the rehabilitation buildings constructed for the rehabilitation of slum dwellers, we have obtained approvals for commencing the work of Rehab A1, A2,B1, B2 along with amended approval for Rehab Building E and have obtained approvals for the current stage of constructions of rehab buildings A3, A4, A5, B3 & B5.

2. In relation to the Sale Buildings, we have not obatained or applied for any approvals yet.

Akruti Solitaire

Mount Mary (Rehab & Sale Residential Project)

Location: Mt. Mary, Bandra, H/E Ward.

Approvals Obtained

Sanctioning Authority: Slum Rehabilitation Authority, Bandra (E).

Sr. No.	Description of approval/document	Reference /License No.	Issue Date	Expiry Date
01	Letter of Intent for approval of the Slum Rehabilitation Scheme	SRA/Eng/196/HW/GL/LOI	October 30, 2004	N.A
Sanctioning Authority: Department of Civil Aviation, Airport Authority of India.				
02	Certificate of No Objection granted by Airport Authority Civil Aviation Department from Mumbai.	BT/NOC/472-I	May 07, 2004	Valid for the period of three years from date of issue.

1. In relation to the rehabilitation buildings to be constructed for the rehabilitation of slum dwellers, we have obtained CFO NOC for all rehabilitation buildings. We have obtained

approval for Rehab 2 (Wing A&B) further amended approval and C.C. for the same and we are in process obtaining approvals for the current stage of constructions for all other rehab buildings.

2. In relation to the Sale Buildings, we have not obtained or applied for any approvals yet.

Approvals Applied For

Our Company has made the following applications:

a. Application to Executive Engineer (SRA), asking for Layout Approval dated May 12, 2006.

b. Application to Ministry of Environment and Forest for obtaining Environmental Clearance dated November 3, 2006.

Akruti Orchid Park (Sale Residential Project)

Location: Sakinaka, Andheri

Approvals Obtained

Sanctioning Authority: Building Proposal , Ghatkopar

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
01	Layout Approval plan for entire projects of entire scheme granted by Municipal Corporation Greater Mumbai.	CE/411/BPES/LOL	October 24, 2003	N.A.
02	Amended layout Approval plan for entire projects of entire scheme granted by Municipal Corporation Greater Mumbai.	CE/411/BPES/LOL	December 24, 2004	N.A.
03	Intimation of disapproval in respect of building no. 1 granted by Municipal Corporation Greater Mumbai.	CE/3923/BS/AL	March 17, 2004	N.A.
04	Intimation of disapproval in respect of building no. 2 granted by Municipal Corporation Greater Mumbai.	CE/3924/BS/AL	March 17, 2004	N.A.
05	Amended intimation of approval in respect of building no. 2 granted by Municipal Corporation Greater Mumbai	CE/3924/BS/AL	January 31, 2005. June 03, 2005 October 19, 2005	N.A.

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
			July 21, 2006	
06	Permission to commence work up to Stilt Level for Wing A-F	CE/3924/BPES/AL	February 16,. 2005	Renewed till February, 2007
07	Permission of Full Commencement of construction granted by MCGM in respect of for Building A & B.	CE/3924/BPES/AL	February 24, 2005	NA
08	Permission obtained in respect of Commencement of Full Construction for Wing C &D & Commencement of Construction . up to Stilt Level for Wing E, F, G, H &I.	CE/3924/BPES/AL	March 31, 2006	NA
09	Permission of Full Commencement of construction granted by MCGM in respect of Wing E &F	CE/3924/BPES/AL	April 21, 2006	NA
10	Permission for Full Occupation Certificate granted by MCGM, Mumbai in respect of residential building for Wing A & B.	CE/3924/BPES/AL	March 18, 2006	N.A.
11	Permission obtained in respect of Commencement of Full Construction for Wing C, D, E, F, G, and Commencement of Construction. Up to Stilt Level for Wing I as per amended I.O.D. dated 21.7.06	CE/3924/BPES/AL	December 7, 2006	December 7, 2007
12	Intimation of Disapproval in respect of Club House granted by Municipal Corporation Greater Mumbai.	Dy. CE/2115/BPES/Misc/L	July 29, 2005	N.A.
13	Amended Intimation of Disapproval in respect of clubhouse granted by	Dy. CE/2115/BPES/Misc/L	January 02, 06	NA

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
	Municipal Corporation of Greater Mumbai.			
14	Permission to commence work up to plinth level in respect of clubhouse.	DYCE/2115/BPES/Miscl/L	September 13, 2005	Renewed till Sept 2007.
15	Permission to commence full work for club house	DYCE/2115/BPES/Miscl/L	February.22, 2006	NA
16	Permission for Full Occupation Certificate granted by MCGM, Mumbai in respect of club house	Dy.Ch.E/2115/BPES/Misc/L	September 29, 2006	NA
17.	Permission for full occupation certificate granted by MCGM in respect of residential building wing C and D	CE/3924/BPES/AL	December 28, 2006	NA
Sanctioning Authority: Chief Fire Officer, Mumbai				
17	Certificate of No Objection from Chief Fire Officer, Mumbai in respect of Residential Buildings.	FBM/S/505/683	January 14, 2005	N.A.
18	Revised Certificate of No Objection from Chief Fire Officer, Mumbai in respect of Residential Buildings.	FBM/S/505/257	June 22, 2005	N.A.
19	Revised Certificate of No Objection from Chief Fire Officer, Mumbai in respect of Residential Buildings.	FBM/S/505/576	October 13, 2005	N.A.
20	Certificate of No Objection for Full Occupation Certificate granted by CFO, Mumbai in respect of Wing A & B	FBM/S/505/836	December 16, 2005	N.A.
Sanctioning Authority: Ministry of Environment and Forest				
21	Certificate of Environmental Clearance granted by Ministry Of Environment & Forest in respect for the scheme.	J-12011/41/2005-IA (CIE)	March 21, 2006	N.A.
22	Corrigendum of Environmental Clearance granted by Ministry Of	J-12011/41/2005-IA (CIE)	October 19, 2006	NA

Sr. No.	Description Of Approval/Document	Reference /License No.	Issue Date	Expiry Date
	Environment & Forests in respect for the scheme.			
Sanctioning Authority: Department of Civil Aviation, Airport Authority of India.				
23	Certificate of no objection granted by Airport Authority Civil Aviation Department from Mumbai.	BT-1/NOCC/CS/36-K/2418-20	July 29, 2005	Valid for the period of three years from date of issue.

Approvals Applied For

Application to Executive Engineer (Building Proposal), for obtaining Full Occupation Certificate for Wing C &D dated October 9, 2006.

Harinagar/Shivajinagar (Rehab & Sale Residential Project)

Location: Jogeshwari, K/E Ward.

Approvals Obtained

Sanctioning Authority: Slum Rehabilitation Authority, Bandra (E).

Sr. No.	Description of approval/document	Reference /License No.	Issue Date	Expiry Date
01	Letter of Intent for approval of the Slum Rehabilitation Scheme	Dy.CE/SI/611	April 13, 1994	N.A.
02	Revised Letter of Intent for approval of the Slum Rehabilitation Scheme	SRA/Ch.E/335/KE/ML/LOI	March 30, 1999	N.A.

1. In relation to the rehabilitation buildings constructed for the rehabilitation of slum dwellers, we have obtained all approvals and completed one rehabilitation building and we are in process of obtaining intimation of approval for other rehabilitation buildings.

MISCELLANEOUS APPROVALS FOR OTHER PROJECTS

Akruti Lakewoods: We have obtained occupation certificates for the existing buildings in that area.

TAX APPROVALS

Described below are the various tax registrations that we have obtained:

Sr. No.	Description	Reference	Issue Date/Effective Date	Expiry date
1	Income Tax Department Commissioner of Income tax, Mumbai	PAN No.: AAACA6101D		Valid for as long as Company exists.

2	Income Tax Department, Mumbai	TAN No.: MUMA19170E		Valid for as long as Company exists.
3	Profession Tax Department, Mumbai	Reg. No.: PT/E/1/1/29/18/8395	March 13, 2006	Valid until cancelled
4	Department of Sales Tax, Government of Maharashtra	CST Tin No.: 27840254887C	April 1, 2006	Valid until cancelled
5	Department of Sales Tax, Government of Maharashtra	VAT Tin No.: 27840254887V	April 1, 2006	Valid until cancelled
6	Office of the Assistant Commissioner of Service Tax, Div – II, Mumbai	Service Tax No. ST/MUM/DIV-III/CER/836/05,	September 28, 2005	Valid until cancelled

INTELLECTUAL PROPERTY APPROVALS

Description	Reference	Filed on	Registered on	Expires on
"Akruti Nirman Limited" under Class 37	1249984	November 17, 2003	November 08,2005	November 16,2013

Approvals applied for

We have applied for our Trademark 'Akruti Nirman Limited' in the following classes

Class 19
Class 16
Class 41
Class 42
Class 36

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to resolution passed at its meetings held on April 20, 2006, authorised the Issue subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act.

Our shareholders have authorised the Issue by a special resolution in accordance with section 81(1A) of the Companies Act, passed at the extra ordinary general meeting of our Company held on May 8, 2006.

We have received confirmation from DIPP vide their letter no. 5(6)/2000-FC(Pt.file) dated November 14, 2006 and from RBI vide their letter No. FE.CO.FID/12752/10.78.000/2006-07 dated December 12, 2006 allowing FII participation in the Issue

Prohibition by SEBI

Our Company, our Directors, our Promoters, directors or the person(s) in control of our Promoter companies, Promoter group companies, our subsidiaries and companies in which we have a substantial shareholding and companies in which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Further, our Promoters and Promoter group entities have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for the Issue

The Company is eligible for the Issue as per clause 2.2.1 of the SEBI Guidelines as confirmed by the Auditors of the Company:

1. The Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetarty assets;
2. The Company has had a pre-issue net worth of not less than Rs. 10 million in each of the three preceding full years;
3. The Company has had a track record of distributable profits as per Section 205 of the Companies Act for at least three out of the immediately preceding five years;
4. The proposed issue size would not exceed five times the pre-issue networth as per the audited accounts for the year ended March 31, 2006;

The distributable profits as per section 205 of the Companies Act and the net worth for the last five year as per Company's retated stand-alone financial statements are as under:

(In Rs. million)

	For the financial year ended March 31					
	2002	**2003**	**2004**	**2005**	**2006**	**Nov 2006 (8 months)**
Distrubutable Profits(1)	142.54	126.59	84.37	129.19	630.68	135.35
Net Worth(2)	257.39	361.27	423.10	509.61	1067.53	1171.22
Net Tangible	886.44	1072.26	1595.79	1870.39	1915.03	3718.10

	For the financial year ended March 31					
	2002	**2003**	**2004**	**2005**	**2006**	**Nov 2006 (8 months)**
Assets(3)						
Monetary Assets(4)	1.62	9.92	63.29	199.51	51.55	706.54
Monetary Assets as a % of Net Tangible Assets	0.18	0.93	3.97	10.67	2.69	19.00

a. Distributable profits for the year have been defined in terms of section 205 of the Companies Act.
b. Net worth has been defined as aggregate of equity share capital and reserves, excluding misscellenous expenditures, if any.
c. Net Tangible Assets means the sum of all fixed assets, investments, current assets less current liabilities and provisions and unsecured loans.
d. Monetary Assets comprise cash and bank balances.

Additionally in terms of Rule 19(2)(b) of the SCRR, the Issue is being made through the book build process, with at least 60% of the Issue being Allotted to the QIBs. In case we do not receive subscriptions of at least 60% of the Issue from QIBs, we shall forthwith refund the subscription monies.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of allottees, i.e. persons to whom the Equity Shares will be Allotted under the Issue shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Further, the Issue is subject to the fulfilment of the following conditions as required by the SCRR:

- A minimum 2,000,000 Equity Shares (excluding reservations, firm Allotments and promoters contribution) are offered to the public;

- The Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and

-The Issue is made through the Book Building method with allocation of 60% of the Issue size to QIBs as specified by SEBI.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFTRED HERRING PROSPECTUS. THE BRLMs HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THEDRAFTRED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE

IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFTRED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 29, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

"(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

- **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
- **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE

SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED/ SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of section 60B of the Companies Act, 1956. All legal requirements pertaining to the issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, section 60 and section 60B of the Companies Act.

Disclaimer from our Company and the Book Running Lead Managers

Our Company, our Directors, and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.akrutiestate.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and us dated September 29, 2006 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to Eligible NRIs and FIIs). This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) at Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given vide its letters dated October 19, 2006 permission to us to use NSE's name in this Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed, subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e., the paid up capital shall not be less than Rs. 100 million and the market capitalization shall not be less than Rs. 250 million at the time of listing). The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every Person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE 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 any other reason whatsoever.

Disclaimer Clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated November 17, 2006, permission to the Company to use BSE's name in this Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
2. warrant that this Company's securities will be listed or will continue to be listed on BSE; or
3. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE 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.

Filing

A copy of this Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC.

Listing

Applications have been made to the NSE and BSE for permission to deal in and for an official quotation of the Equity Shares. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then our Company shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of Allotment for the Issue.

Consents

Consents in writing of: (a) our Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisors, the Bankers to the Issue; and (b) the BRLMs, the Syndicate Members, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s. Viral D. Doshi & Co. and M/s Dalal & Shah, Chartered Accountants, our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Expense (Rs. In Millions)*	As a percentage of Issue Size	As a percentage of total Issue

			expense
Lead management, underwriting and selling commission	[•]	[•]	[•]
Advertisement & Marketing expenses	[•]	[•]	[•]
Printing, stationery including transportation of the same*	[•]	[•]	[•]
Others (Registrar's fees, Legal fees, listing fees, etc.)*	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

* Will be incorporated after finalisation of Issue Price

Fees Payable to the BRLMs and Syndicate Members

The total fees payable to the BRLMs and the Syndicate Members (including underwriting commission and selling commission) will be as stated in the engagement letter with the BRLMs, a copy of which is available for inspection at the head office of our Company and reimbursement of their out of pocket expenses.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with our Company, a copy of which is available for inspection at the head office of our Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Public or Rights Issues during the Last Five Years

We have not made any public issue during the last five years.

Issues otherwise than for Cash

Except for issue of shares by way of bonus issues, we have not issued any Equity Shares for consideration otherwise than for cash. For more details, please see the section titled "Capital Structure" on page 26 of this Red Herring Prospectus.

Commission and Brokerage paid for Previous Issues

Our Company has not paid any commission and brokerage for the last three issues of securities to public or existing shareholders (as mentioned below).

Companies under the Same Management

We do not have any other company under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act, save and except for the Promoter group companies mentioned in the section titled "Our Promoters and Promoter Group" beginning on page 141.

Promise vs. Performance – Last Three Issues

We have not made any public issue during the last five years.

Promise vs. Performance – Last Public Issue by Promoter group companies

None of our Promoter group companies have made a public issue.

Outstanding Debentures, Bonds and Preference Shares

There are no outstanding debentures, bonds and preference shares of our Company.

Stock Market Data of our Equity Shares

The Equity Shares are not currently listed on any stock exchange in India.

Mechanism for Redressal of Investor Grievances by our Company

The Memorandum of Understanding between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant, and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be 15 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Chetan S. Mody as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Chetan S. Mody
Akruti Trade Centre, Road No. 7,
Marol MIDC, Andheri (East),
Mumbai – 400 093,
Maharashtra
Tel: + 91 22 6703 74 27, +91 22 6703 74 00
Fax: + 91 22 2821 82 30
Email: ipo@akrutiestate.com

Changes in Auditors

Change	Date of Change	Reason for Change
Viral D. Doshi & Co	March 31, 2004	Appointment as Auditors in place of retiring Auditors M/s. Kamal Matalia & Co., Chartered Accountants not seeking reappointment as the proprietor Mr. Kamal Matalia surrendered his certificate of

		practice
Dalal & Shah and Viral D. Doshi & Co as joint statutory auditors	March 31, 2006	Appointment as Joint Statutory Auditors keeping in view the increase in the business activities and growth of the Company

Capitalisation of Reserves or Profits

Except for as provided under "Capital Structure" on page 26 of the Red Herring Prospectus, we have not capitalised our reserves or profits at any time during last five years,

Expert Opinion

We retained Knight Frank, CB Richard Ellis and Trammell Crow Meghraj, international property consultants (our "Valuers"), to perform a property valuation in respect of our projects under development and projects in respect of which we have taken steps to acquire development rights.

Revaluation of Assets

There has been no revaluation of assets of our Company.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend**.** The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of allotment.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being issued in terms of this Red Herring Prospectus at an Issue price of Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

1. Right to receive dividend, if declared;
2. Right to attend general meetings and exercise voting powers, unless prohibited by law;
3. Right to vote on a poll either in person or by proxy;
4. Right to receive offers for rights shares and be allotted bonus shares, if announced;
5. Right to receive surplus on liquidation;
6. Right of free transferability of shares; and

Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see section titled "Main Provisions of Articles of Association of the Company" on page 387 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised mode, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of 12 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in Mumbai, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the registrar and transfer agent of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

(a) to register himself or herself as the holder of the Equity Shares; or
(b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue, including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount in 60 days from the Bid/Issue Closing Date, we shall pay interest as per Section 73 of the Companies Act.

If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of allottees, i.e. persons to whom the Equity Shares will be Allotted under the Issue shall be not less than 1,000.

ISSUE STRUCTURE

The present Issue of 6,700,000 Equity Shares at a price of Rs. [●] for cash aggregating Rs. [●] million is being made through the Book Building Process.

	QIB Bidders	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least 4,020,000 Equity Shares.	Not less than 670,000 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 2,010,000 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue size available for allocation	At least 60% of Issue or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders. However, upto 5% of the QIB portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 10% of Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 30% of Issue or Issue less allocation to QIB Bidders and Non Institutional Bidders.
Basis of Allotment if respective category is oversubscribed	Proportionate (a) 201,000 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 3,819,000 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of 12 Equity Shares so that the Bid Amount exceeds Rs 100,000	Such number of Equity Shares in multiples of 12 Equity Shares so that the Bid Amount exceeds Rs 100,000	12 Equity Shares
Maximum Bid	Such number of	Such number of	Such number of Equity Shares in

	Equity Shares in multiples of 12 Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits	Equity Shares in multiples of 12 Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits	multiples of 12 Equity Shares so that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Bid Lot	12 Equity Shares and in multiples of 12 Equity Shares thereafter	12 Equity Shares and in multiples of 12 Equity Shares thereafter	12 Equity Shares and in multiples of 12 Equity Shares thereafter
Allotment Lot	Minimum 12 Equity Shares and in multiples of 1 Equity Share thereafter	Minimum 12 Equity Shares and in multiples of 1 Equity Share thereafter	Minimum 12 Equity Shares and in multiples of 1 Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 Million and pension funds with minimum corpus of Rs. 250	Resident Indian individuals, Eligible NRIs and HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts	Individuals, including Eligible NRIs and HUF (in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	Million in accordance with applicable law.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	10% of Bid Amount	100% of Bid Amount	100 % of Bid Amount

* Subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in the Non-Institutional Portion and Retail Individual Portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs. If at least 60% of the Issue cannot be Allotted to QIB Bidders, then the entire application money will be refunded. However, if the aggregate demand by Mutual Funds is less than 201,000 Equity Shares (QIB Portion is 60% of the Issue size, i.e. 4,020,000 Equity Shares), the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.

** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid Cum Application Form.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefore.

Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/ Issue Closing Date;
- Despatch of refund orders shall be done within 15 days from the Bid/ Issue Closing Date; and
- We shall pay interest at 15% per annum, if Allotment is not made, refund orders are not despatched and/ or demat credits are not made to investors within the 15 day time prescribed above.

We will provide adequate funds required for despatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bid/Issue Programme

BID/ISSUE OPENS ON	**January 15, 2007**
BID/ISSUE CLOSES ON	**January 19, 2007**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian

Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form and uploaded till such time as permitted by the NSE and the BSE on the Bid/Issue Closing Date.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the price band advertised at least one day prior to the Bid/Issue Opening Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the NSE and the BSE, by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders (in terms of Rule 19 (2) (b) of the SCRR, as this is an issue for less than 25% of the post-Issue equity share capital), including up to 5% of the QIB Portion which shall be available for allocation to the Mutual Funds only. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded. Further, not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids only through BRLMs (JPM and Enam). Further, QIB Bids can be submitted only through the members of the Syndicate. In case of QIB Bidders, our Company in consultation with BRLMs may reject Bid at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public including resident QIBs and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs or FIIs applying on a repatriation basis	Blue

Who can Bid?

Indian nationals resident in India who are majors in single or joint names (not more than three);

- Hindu undivided families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;
- Companies and corporate bodies registered under the applicable laws in India and authorized to invest in equity shares;

- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research authorized to invest in equity shares;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
- Mutual funds registered with SEBI;
- FIIs registered with SEBI;
- Venture capital funds registered with SEBI;
- State industrial development corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority, India;
- As permitted by the applicable laws, provident funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares; and
- Pension funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares.

Participation by Associates of the BRLMs and Syndicate Members:

The BRLMs and the Syndicate Members shall not be entitled to participate in this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLMs and Syndicate Members are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allotment will be on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 12 Equity Shares and in multiples of 12 Equity Shares thereafter and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. **Bidders may note that the total Bid Amount will be used to determine if a Bid is in the retail category or not, and not just the Amount Payable on Application.** In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non Institutional Portion. The option to bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIB Bidders**: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 12 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not entitled to the option of bidding at Cut-off Price.

Bidders are advised to ensure that any single Bid 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 this Red Herring Prospectus.

Information for the Bidders:

(a) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

(b) The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and a Marathi newspaper of wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005.

(c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.

(d) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a member of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate will be rejected.

(e) The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.

(f) The Price Band has been fixed at Rs. 475 to Rs. 540 per Equity Share. The Bidders can bid at any price within the Price Band, in multiples of Rs. 1 (One). In accordance with the SEBI Guidelines, our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

(g) In case the Price Band is revised, the Bidding/Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/ Issue Period not exceeding 10 working days. The revised Price Band and Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, and by issuing an advertisement published in two national newspapers (one each in English and Hindi) and a Marathi newspaper of wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

(h) We, in consultation with the BRLMs, can finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

Method and Process of Bidding

(a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details, see the section "Issue Procedure" beginning on page 358 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(b) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to a member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure" beginning on page 358 of this Red Gerring Prospectus.

(c) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(d) During the Bidding Period, Bidders may approach a member of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and this Red Herring Prospectus.

(e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described in the section titled "Issue Procedure" beginning on page 358.

Bids at different price levels and Revision of Bids

(a) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders, Non Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and such Bids from QIB Bidders, Non Institutional Bidders and Employees shall be rejected.**

(b) Retail Individual Bidders who bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), such Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account, as the case may be.

(c) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid by a Retail Individual Bidder will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(d) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or the Refund Account, as the case may be.

(e) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 12 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(f) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Issue Period using the printed Revision Form which is a part of the Bid cum Application Form.

(g) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(h) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

(i) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(j) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(k) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and non residents applying on a non repatriation basis; blue colour for NRIs and FIIs applying on a repatriation basis).

2. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

3. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form.

4. The Bids from the Retail Individual Bidders must be for a minimum of 12 Equity Shares and in multiples of 12 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of 12 Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 12 Equity Shares. Bids cannot be made for more than the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 201,000 Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund 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 Mutual Funds:

No Mutual Fund 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 Mutual Fund under all its schemes should own more than 10% of any company’s paid-up capital carrying voting rights.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Bids by Eligible NRIs

Eligible NRI Bidders to comply with the following:

1. Individual Eligible NRIs can obtain the Bid cum Application Forms from the Registered Office, our head office, members of the Syndicate or the Registrar to the Issue.

2. Eligible NRI Bidders may note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (white in color).

Bids by FIIs:

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital Equity Shares. 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 our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to investment in the real estate sector foreign equity participation up to 100% is permissible under the automatic route subject to certain conditions. Please refer to the section on "Regulations and Policies in India - Regulations rgarding Foreign Investment" for restriction on foreign investment in India in the real estate sector. We have received confirmation from DIPP vide their letter no. 5(6)/2000-FC(Pt.file) dated November 14, 2006 and from RBI vide their letter No. FE.CO.FID/12752/10.78.000/2006-07 dated December 12, 2006 allowing FII participation in the Issue. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital.

With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to maximum permissible foreign investment limit. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs:

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, the holding by any VCF should not exceed 25% of the corpus of the VCF.

As per the current regulations, OCBs cannot participate in this Issue.

Bids and revision of the Bids by Eligible NRIs and FIIs must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions

contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

3. Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation. Other Non-Resident Bidders for a minimum of such number of Equity Shares and in multiples of 12 thereafter that the Bid Amount exceeds Rs. 100,000. For further details, see the section titled "Issue Procedure" beginning on page 358 of this Red Hering Prospectus.

   (1) Bids by NRIs and FIIs on a repatriation basis shall be in the names of individuals or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs and they will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the government of India, OCBs cannot participate in this Issue. Further, NRIs, who are not Eligible NRIs, are not permitted to participate in this Issue.

The information above is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. 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 laws or regulations.

PAYMENT INSTRUCTIONS

Escrow Mechanism

We shall open Escrow Accounts with the Escrow Collection Banks for collection of Margin/Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in this Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled for refunds. Payments of refunds to the Bidders shall also be made from the Refund Account(s) with the Refund Banker(s) as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall pay the applicable Margin Amount at the time of submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account as per the below terms.

(a) The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account shall be transferred to the Refund Account.

(b) Each category of Bidders i.e. QIB Bidders, Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form by way of a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s). (For details please see the section titled "Issue Procedure" beginning on page 358) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page 354. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

(c) Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

(d) Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for Allotment, will be refunded to such Bidder in terms of the Red Herring Prospectus.

(e) The payment instruments for payment into the Escrow Account should be drawn in favour of:

    (i) In case of Resident QIB Bidders: **"Escrow Account – ANL Public Issue – QIB - R"**
    (ii) In case of non resident QIB Bidders: **"Escrow Account – ANL Public Issue – QIB - NR"**
    (iii) In case of other resident Bidders: **"Escrow Account - ANL Public Issue - R"**
    (iv) In case of Eligible NRIs Bidders: **"Escrow Account – ANL Public Issue – NR"**

(f) In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR account.

(g) In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.

(h) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.

(i) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account.

(j) On the Designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

(k) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub member of the banker's clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

Electronic registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of the NSE and the BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The NSE and the BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid /Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) The aggregate demand and price for Bids registered on the electronic facilities of the NSE and the BSE will be displayed on-line at all bidding centers and at the websites of NSE and BSE. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding Period.

At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

Name of the Bidder(s)

- Investor category – individual, corporate, or Mutual Fund etc.
- Numbers of Equity Shares bid for
- Bid price
- Bid cum Application Form number
- Whether Margin Amount, as applicable, has been paid upon submission of Bid cum Application Form
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) Incase of QIB Bidders, members of the Syndicate have the right to accept the bid or reject it. A rejection can be made only at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case on Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids should not be rejected except on the technical grounds as listed on page 376.

(h) It is to be distinctly understood that the permission given by the NSE and the BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs are cleared or approved by the NSE and the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by the NSE and the BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE and the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the NSE and the BSE.

(j) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for Allocation. In case of discrepancy of data between the NSE or the BSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels.

(b) We, in consultation with the BRLMs, shall finalise the "Issue Price" and the number of

Equity Shares to be allocated in each investor category.

(c) The allocation under the Issue shall be on proportionate basis, in the manner specified in the SEBI Guidelines and this Red Herring Prospectus and in consultation with Designated Stock Exchange.

(d) Undersubscription, if any, in any category of the Issue other than the QIB Portion, would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 201,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.

(e) The BRLMs, in consultation with us, shall notify the other members of the Syndicate of the Issue Price.

(f) We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.

(g) Allocation to FIIs and Eligible NRIs applying on repatriation basis will be subject to the applicable law.

(h) In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Signing of Underwriting Agreement and ROC Filing

We, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement upon finalisation of the Issue Price. After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price and Issue size and would be complete in all material respects. We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60, and Section 60B of the Companies Act. After filing of the Prospectus with the ROC, a statutory advertisement will be issued by our Company in a widely circulated English and Hindi national newspapers, Marathi newspaper with wide circulation in the place where our Registered Office is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. Investors should note that the Company shall ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue;

(b) The BRLMsor members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have paid the Margin

Amount into the Escrow Account at the time of bidding shall pay the balance amount payable into the Escrow Account by the Pay-in Date specified in the CAN; and

5. Such Bidders who have been allocated Equity Shares and who have already paid the Margin Amount for the said Equity Shares into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

4) The issuance of CAN is subject to "Allotment Reconciliation and Revised CANs" as set forth below.

Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid applications received. Based on the electronic book, QIBs will be sent a CAN on or prior to January 24, 2007, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs, on or prior to January 31, 2007, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account and the Refund Account on the Designated Date, our Company would ensure the credit to the successful Bidders' depository accounts of the Allotted Equity Shares to the allottees within two working days from the date of Allotment.

(b) As per the SEBI Guidelines, **Equity Shares will be issued and Allotted only in the dematerialised form to the allottees**. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

4. ECS – Payment of refund would be done through ECS for applicants having an account at any

of the following centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

5) NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

5. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, [•] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

6. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

7. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply.

(b) Read all the instructions carefully and complete the Bid cum Application Form (white or blue in colour) as the case may be.

(c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in the dematerialized form only.

(d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate.

(e) Ensure that you have been given a TRS for all your Bid options.

(f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.

(g) Where Bid(s) is/are for Rs. 50,000 or more, each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN card or PAN allotment letter should be submitted with the Bid cum Application Form. If you have mentioned "Applied For" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.

(h) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form

(i) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size.

(b) Do not Bid/revise Bid price to less than Floor Price or higher than the Cap Price.

(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate.

(d) Do not pay the Bid amount in cash, by money order or by postal order or by stockinvest.

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only.

(f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for whom the Bid Amount exceeds Rs. 100,000).

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

(h) **Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Bidder's Depository Account Details and Bank Account Details

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs

shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THE EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS 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. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted

into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids in whole or in part, without assigning any reasons therefor.

In case of the Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid.

In case of the Bids made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid in whole or in part, without assigning any reasons therefor.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we or the BRLMs may deem fit.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts equivalent to the Margin Amount shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the first Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.

2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

3. The Registrar will obtain, from depositories, details of the applicants' address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.

4. The addresses of all the applicants in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of addresses and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the application processed. A print-out of the addresses will be taken to check for common names. The application with same name and same address will be treated as multiple applications.

5. The applications will be scrutinized for their DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

6. Subsequent to the aforesaid procedures, a print out of multiple master will be taken and applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **The copy of the PAN card(s) or PAN allotment letter(s) is required to be submitted with the Bid cum Application Form. Applications without this information and documents will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground. In case the sole/First Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving licence (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, state government or local bodies showing residential address (g) any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended by a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Unique Identification Number ("UIN") - MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, inter alia, the following technical grounds:

a. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;

b. Age of first Bidder not given;

c. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no such partnership firm, shall be entitled to apply;

d. Bids by Non Residents, if compliance with the appropriate foreign and Indian laws;

e. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;

f. PAN not stated if Bid is for Rs. 50,000 or more or copy of PAN, Form 60 or Form 61, as applicable, or GIR number furnished instead of PAN. See the section titled "Issue Procedure" on page 358;

g. Bids for lower number of Equity Shares than specified for that category of investors;

h. Bids at a price less than lower end of the Price Band;

i. Bids at a price more than the higher end of the Price Band;

j. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;

k. Bids for number of Equity Shares, which are not in multiples of 12;

l. Category not ticked;

m. Multiple Bids as defined in this Red Herring Prospectus;

n. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

o. Bids accompanied by stockinvest/money order/postal order/cash;

p. Signature of sole and/or joint Bidders missing;

q. Bid cum Application Form does not have the stamp of the BRLMs or the Syndicate Members;

r. Bid cum Application Form does not have the Bidder's depository account details;

s. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;

t. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the depositary participant's identity (DP ID) and the beneficiary account number;

u. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure" beginning on page 358;

v. Bids by OCBs;

w. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act or other than in reliance on Regulation S under the Securities Act; and

x. Bids by QIBs not submitted through BRLMs or members of the Syndicate.

Equity Shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

(a) an agreement dated July 28, 2006 between NSDL, us and Registrar to the Issue;
(b) an agreement dated July 12, 2006 between CDSL, us and Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

(c) Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

(g) It may be noted that 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.

(h) The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communication in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in respective beneficiary accounts, refund orders etc.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Chetan S. Mody, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Chetan S. Mody
Akruti Trade Centre, Road No. 7,
Marol MIDC, Andheri (East),
Mumbai – 400093,
Maharashtra
Tel: + 91 22 6703 74 27, +91 22 6703 74 00
Fax: + 91 22 2821 82 30
Email: ipo@akrutiestate.com

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) **makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
(b) **otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years."

Basis of Allocation.

A. For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.

2. The Issue size less allocation to Non-Institutional Bidders and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

3. If the valid Bids in this category is for less than or equal to 2,010,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

4. If the valid Bids in this category are for more than 2,010,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 12 Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

2. The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

3. If the valid Bids in this category is for less than or equal to 670,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.

4. In case the valid Bids in this category are for more than 670,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 12 Equity Shares and in multiples of 1 Equity Share thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

1. At least 60% of the Issue shall be Allotted to the QIB Bidders, failing which the full subscription monies shall be refunded.

2. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the QIB Bidders will be made at the Issue Price.

3. The Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

4. However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of up to 201,000 Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds are for less than 201,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to 60% of the Issue size, i.e. 4,020,000 Equity Shares.

5. Allotment shall be undertaken in the following manner:

    (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:

        i. In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

        ii. In the event that the aggregate demand from Mutual Funds is less than

5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.

iii. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;

(b) In the second instance allocation to all QIBs shall be determined as follows:

(i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

Except for any Equity Shares allocated to QIB Bidders due to undersubscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis of at least 8,259,500 Equity Shares. For the method of proportionate basis of allocation refer below.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue details

Sr. No	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIB (at least 60% of the Issue)	120 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	6 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	114 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	500 million Equity Shares

B. Details of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50

6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

 # A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11,40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	**5**	**114**	**51.64**

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 354.

2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.

3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for Mutual Funds only)) will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).

4. The figures in the fourth column titled "Allocation of balance 114 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

    1. For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 114/494.

2. For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares Allotted (i.e., column III of the table above)] X 114/494.

3. The numerator and denominator for arriving at allocation of 114 million Equity Shares to the 10 QIBs are reduced by 6 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate basis of allocation in the Issue

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs, and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

Bidders will be categorized according to the number of Equity Shares applied for by them and the allotment shall be made on a proportionate basis as explained below.

1) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

2) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

3) In all Bids where the proportionate allotment is less than 12 Equity Shares per Bidder, the allotment shall be made as follows:

   (a) Each successful Bidder shall be Allotted a minimum of 12 Equity Shares; and

   (b) The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

4) If the proportionate allotment to a Bidder is a number that is more than 12 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

5) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS

We shall ensure dispatch of allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with

Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment. We shall dispatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk and adequate funds for this purpose shall be made available to the Registrar for this purpose.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

1) allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;

2) dispatch of refund orders within 15 (fifteen) days of the Bid /Issue Closing Date would be ensured; and

3) we shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

4) Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Undertaking by our Company

We undertake as follows:

1) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
2) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;

3) that the funds required for dispatch of refund orders or allotment advice as per the modes disclosed shall be made available to the Registrar to the Issue by us;

4) that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time;

5) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund; and

6) No further issue of Equity Shares shall be made till the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue proceeds

Our Board of Directors certifies that:

1) all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

2) details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised;

3) details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested;

4) we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Withdrawal of the Issue

The Company in consultation with the BRLMs reserve the right not to proceed with the Issue at anytime including after the Bid/ Issue Opening Date, without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investments.

Press Note No. 2 (2005 series), published by the Government of India has permitted foreign direct investment ("FDI") of up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects, subject to certain conditions enumerated therein. A short summary of the conditions is as follows:

1. Minimum area to be developed is 10 hectares in case of serviced housing plots and 50,000 square metres in case of construction development projects. Where the development is a combination project, it can be either 10 hectares or 50,000 square metres.

2. Minimum capitalization of US$10 million for wholly owned subsidiary and US$5 million for a joint venture has been specified and it is required to be brought in within 6 months of commencement of business of the company.

3. Further, the investment is not permitted to be repatriated before 3 years from completion of minimum capitalization except with prior approval from FIPB.

4. At least 50% of the project is required to be developed within 5 years of obtaining all statutory clearances and the responsibility for obtaining it is cast on the foreign investor. Further, the sale of undeveloped plots is prohibited.

We have received confirmation from DIPP vide their letter no. 5(6)/2000-FC(Pt.file) dated November 14, 2006 and from RBI vide their letter No. FE.CO.FID/12752/10.78.000/2006-07 dated December 12, 2006 allowing FII participation in the Issue.

Subscription by Non-Residents

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are "qualified institutional buyers", as defined in Rule 144A of the Securities Act and (ii) outside the U.S. to certain person in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

There is no reservation for any FIIs or Eligible NRIs and such FIIs or Eligible NRIs will be treated on the same basis with other categories for the purpose of allocation.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. 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 laws or regulations. However, we shall update this Red Herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of the Company.

Pursuant to Schedule II of the Companies Act and the DIP Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares/debentures and/or on their consolidation/splitting are detailed below:

The regulations contained in Table 'A' of Schedule I to the Companies Act (Act 1 of 1956) shall not apply only in so far as the same are not provided for or are not inconsistent with these Articles and the regulations for the management of the Company and for observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to repeal or alteration or of addition to, its regulations by special resolution, as prescribed by the Companies Act, 1956, be such as are contained in these Articles.

Capital

Redeemable Preference Shares

Article 5 (a) provides that "Subject to the provisions of these Articles and of the Act, the Company shall have power to issue preference shares, including preference shares which are liable to be redeemed out of profits or out of the proceeds of a fresh issue of shares made for the purposes of such redemption and the Directors may, subject to the provisions of the Act, exercise such power in such manner as they may think fit."

Article 5 (b) provides that "If the Company shall have redeemed any redeemable preference shares, all or any capital redemption fund arising from the redemption of such shares may by a resolution of the Company be applied in paying up in full or in part any new shares, or any shares then remaining unissued, to be issued to such members of the Company or other persons as the Company may resolve upto an amount equal to the nominal amount of the shares so issued."

Issue of Sweat Equity Shares

Article 6 provides that "The Company may exercise the powers of issuing sweat equity shares conferred by Section 79A of the Act of a class of shares already issued subject to the following conditions:

1) the issue of sweat equity shares is authorised by a special resolution passed by the Company in general meeting;

2) the resolution specifies the number of shares, their value and the class or classes of directors or employees to whom such equity shares are to be issued;

3) not less than one year has at the date of issue elapsed since the date on which the Company was entitled to commence business; and

4) the sweat equity shares are issued in accordance with the regulations made by the Securities and Exchange Board of India in this behalf."

Purchase of own shares (buyback of shares)

Article 9 provides that "Pursuant to Section 77A of the Act, the Company may purchase its own shares or other specified securities from out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a special resolution in the general meeting of the Company subject to the provisions of sub-section (2) of Sections 77A and 77B of the Act."

Commission for placing shares or debentures

Article 12 provides that "Subject to the provisions of Section 76 of the Act, the Company may, at any time, pay commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any such shares or debentures in the Company, or procuring or agreeing to procure subscriptions whether absolute or conditional for the same, but so that the commission shall not exceed the rate specified in that behalf by the regulations in force for the time being."

Brokerage on issue of shares and debentures

Article 13 provides that "The Company may pay on any issue of shares or debentures, a reasonable sum towards brokerage."

Modification of rights

Article 82 provides that "Rights attached to the different classes of shares, may be varied subject to and in accordance with Section 106 of the Act."

Calls

Board of Directors to make calls

Article 28 provides that "Subject to the provisions of Section 91 of the Act, the Directors may, from time to time by a resolution passed at a meeting of the Directors and not by a circular resolution, make such calls as it may think fit upon the members in respect of all moneys unpaid on the shares held by them (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. Each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board of Directors. A call may be made payable by instalments and shall be deemed to have been made when the resolution of the Directors authorising such call was passed. The jointholders of a share shall be jointly and severally liable to pay all calls in respect thereof."

Amount payable at fixed time or by instalment payable as calls

Article 32 provides that "If by the terms of issue of any share or otherwise, any amount is or becomes payable on allotment or at any fixed date or by instalments at fixed times whether on account of the nominal amount of the shares or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Directors and payable on the date on which by the terms of issue or otherwise, such sum becomes payable and of which due notice has been given. In case of non-payment of such sum, all the relevant provisions herein contained as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified."

When interest on call or instalment payable

Article 33 provides that "If the sum payable in respect of any call or instalment has not beeen paid on or before the day appointed for payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the instalment shall be due, shall pay interest for the same at such rate as may be decided by the Board from the date appointed for the payment thereof till the time of actual payment. The Directors may, however, in their absolute discretion waive payment of any interest."

Partial payment not to preclude forfeiture

Article 35 provides that "Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any share nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any share either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided."

Payment of call in advance

Article 36 provides that "The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to receive from any member willing to advance the same, all or any part of the sum due upon the shares held by him beyond the sums actually called for; and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of calls then made upon the shares in respect of which such advance has been made, the Company may (until the same would but for such advance become presently payable) pay interest at such rate as the member paying such sum in advance and the Directors agree upon and the Directors may at any time repay the amount so advanced upon giving to such member one months' notice in writing. The member making such advance payment shall not, however, be entitled to dividend or to participate in profits of the Company or to any voting rights in respect of the money so paid by him until the same would, but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

Lien on Shares

Company's lien on shares

Article 38 provides that "The Company shall have a first and paramount lien upon all shares/debentures (other than fully paid-up shares/debentures), registered in the name of each member (whether solely or jointly with others) and upon the proceeds of the sale thereof, for all moneys called or payable at a fixed time in respect of such shares/debentures and no equitable interests in any share/debenture shall be created except upon the footing and condition that this Article is to have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of such shares/debentures shall operate as a waiver of the Company's lien, if any, thereon. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article."

As to enforcing lien by sale

Article 39 provides that "For the purpose of enforcing such lien, the Company may sell in such manner as the Directors think fit, the shares subject to such lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable or until the expiration of fourteen days after a notice in writing, stating and demanding payment of such sum, shall have been served on such member, his executors, or administrators, or other person recognized by the Company, as the owner thereof, and default shall have made by him or them in payment thereof."

Application of proceeds of sale

Article 40 provides that “The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall be paid to such member, his executors, administrators or assigns.”

Forfeiture

If call or instalment not paid, notice may be given

Article 41 provides that “If any member fails to pay any call or instalment by the day appointed for the payment of the same or any such extension thereof, the Directors may, at any time thereafter, during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.”

Form of notice

Article 42 provides that “The notice shall name a further day (not being earlier than the expiry of fifteen days from the date of service of the notice) and a place or places at which such call or instalment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that, in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the call was made or instalment was payable will be liable to be forfeited.”

If notice not complied with, shares may be forfeited

Article 43 provides that “If the requirements of the notice as aforesaid be not complied with, any share or shares in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.”

Forfeited shares to become property of Company

Article 45 provides that “Any share and dividends so forfeited shall be the property of the Company and the Directors may sell, re-allot or otherwise dispose of the same upon such terms and in such manner as they shall think fit.”

Power to annul forfeiture

Article 46 provides that “The Directors may, at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof as a matter of grace and favour but not as of right, upon such terms and conditions as they may think fit.”

Arrears to be paid notwithstanding forfeiture

Article 47 provides that “Any member whose shares have been forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at such rate as the Directors may determine and the Directors may enforce the payment thereof or any part thereof if they think fit but shall not be under any obligation to do so.”

Transfer and Transmission of Shares

Execution of transfer, etc.

Article 54 provides that “No transfer of shares in or debentures of the Company shall be registered unless in accordance with the provision of Section 108 of the Act and these Articles hereof, a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with certificates relating to the shares or debentures or if no such certificate is in existence, alongwith the letter of allotment of the shares or debentures provided the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.”

Form of transfer

Article 57 provides that “The instrument of transfer of any share shall be in writing in the prescribed form and all provisions of Section 108 of the Act shall be duly complied with in respect of all transfer of shares and registration thereof.”

Directors may refuse to registert transfer

Article 58 provides that “Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of member in or debentures of the Company. The Company shall, within one month from the date on which the instrument of transfer or the intimation of such transmission as the case may be, was delivered to the Company, send notice of refusal to the transferor and the transferee or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.”

No transfer in certain cases

Article 59 provides that “No transfer of shares and other securities shall be registered in the name of an insolvent, a person of unsound mind or a partnership firm.”

Title to share of deceased holder

Article 64 provides that “The executors or administrators of a deceased member shall be the only persons recognised by the Company as having any title to his share except in case of joint holders, in which case the surviving holder or holders or the executors or administrators of the last surviving holder shall be the only person entitled to be so recognised; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him. The Company shall not be bound to recognise such executor, administrator unless he shall have obtained probate or letter of administration or other legal representation, as the case may be, from a duly constituted Court in India to grant such probate or letter of administration provided nevertheless that in cases, which the Board in its discretion consider to be special cases and in such cases only, it shall be lawful for the Board of Directors to dispense with the production of probate or letter of administration or such other legal representation upon such terms as to indemnity or otherwise as the Board of Directors may deem fit. The holder of succession certificate relating to the share of a deceased member and operative in the State of Maharashtra shall be deemed to be an administrator for the purposes of this Article.”

Nomination

Article 65 (a) provides that "Every shareholder or debentureholder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death."

Article 65 (b) provides that "Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.

Registration of persons entitled to share otherwise than by transfer (transmission clause)

Article 66 provides that "Subject to the provisions of the Act and these presents, any person becoming entitled to a share in consequence of death, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, either register himself as the holder of the share or elect to have some person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the share."

Transmission of securities by nominee

Article 67 provides that:

- A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -

    to be registered himself as holder of the share or debenture, as the case may be; or

    to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder could have made;

- if the nominee elects himself to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;

- a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with."

Board may require evidence of transmission

Article 69 provides that "Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or unless and until an indemnity be given to the Company with regard to such registration which the Directors in their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity."

Share Warrants

Power to issue Share Warrants

Article 75 provides that "The Company may issue share warrants subject to, and in accordance with the provisions of Section 114 and 115 of the Act and accordingly the Directors may in their discretion, with respect to any share which is fully paid up, on an application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Directors may, from time to time require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Directors may from time to time require, issue a share warrant.

Issue of new share warrant coupons

Article 76 provides that "The Directors may, from time to time make rules as to the terms on which (if they shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss, destruction or tearing through."

Dematerialisation of securities

Article 77 (B) provides that "Notwithstanding anything contained in these Articles, to the Company shall be entitled to dematerialise, or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1956 and the Rules framed thereunder, if any."

Option for Investors

Article 77 (C) provides that "Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at anytime opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security."

Securities in Depositories to be in fungible form

Article 77 (D) provides that "All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153 and 372 A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners."

Rights of Depositories and Beneficial Owners

Article 77 (E) provides that "

- Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;

- Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;

- Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository."

Depository to furnish information

Article 77 (F) provides that "Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies and discs."

Option to opt out in respect of any security

Article 77 (G) provides that "If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions arid on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be."

Sections 83 and 108 of the Act not to apply

Article 77 (H) provides that "Notwithstanding anything to the contrary contained in the Articles-

- Section 83 of the Act shall not apply to the shares with a Depository;

- Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository."

Company to recognize the rights of Registered Holders as also the Beneficial Owners in the records of the depository

Article 77 (M) provides that "Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Registrar of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

Alteration of Capital

Power to alter share capital- consolidation, cancellation, sub-division and reduction

Article 78 provides that " Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time :

- consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- cancel any shares which, at the date of the passing of the resolution have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled;
- sub-divide its shares or any of them 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; and

- reduce its share capital in the manner authorised by the Act.

The powers conferred by this Article may be exercised by an ordinary resolution except in the case of reduction of capital when the exercise of power in that behalf shall be by a special resolution. The Company shall give due notice to the Registrar of any such alteration of Capital."

Increase of Capital

Article 79 provides that "The Company in General Meeting may from time to time, increase the capital by creation of new shares, the increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any share of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meeting in conformity with Sections 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

On what condition new shares may be issued

Further Issue of Shares

Article 80 provides that "1. Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares l then :

- such further shares shall be offered to the persons who at the date of the offer , are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid-up on those shares at the date;

- such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen days from the date of the offer within which the offer if not accepted, will be deemed to have been declined;

- the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right;

- after expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think most beneficial to the Company.

2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) of sub-clause (i) hereof) in any manner whatsoever :

   (a) if a special resolution to that effect is passed by the Company in general meeting, or

   (b) where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the 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 the members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

3. Nothing in sub-clause (c) of (1) hereof shall be deemed :

   (a) to extend the time within which the offer should be accepted; or

   (b) to authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation;

4. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company :

   (a) to convert such debentures or loans into shares in the Company ; or

   (b) to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

   PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term :

   - either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and

   - in the case of debentures or loans other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in general meeting before the issue of the debentures or raising of the loans."

New capital same as existing capital

Article 81 provides that "Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original equity capital of the Company and shall be subject to the provisions of these presents with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise."

Borrowing Powers

Powers to borrow

Article 89 provides that "Subject to the provisions of Sections 292 and 293 of the Act, the Board of Directors may from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from members, either in advance of calls or otherwise and may generally raise or borrow or secure the payment of any sums of money for the purpose of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board of Directors shall not borrow or raise such moneys without the consent of the Company in General Meeting."

Conditions of repayment of moneys borrowed

Article 90 provides that "The payment or repayment of moneys borrowed pursuant to Article 89 of these presents may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit including by issue of bonds, debentures or debenture stocks of the Company charged upon all or any part of the undertakings or property of the Company (both present and future) and its uncalled share capital for the time being pursuant to a resolution passed at the meeting of Board of Directors but not by its circular resolution."

Debentures and securities to be subject to control of Directors

Article 91 provides that "Any debentures, debenture stocks, bonds or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company."

Terms of Issue of Bonds and Debentures

Article 92 provides that "Any bonds, debentures, debenture stocks, or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at general meetings of the Company, appointment of Directors and otherwise; however, debentures carrying the right of conversion into or allotment of shares shall be issued only with the consent of the Company in general meeting accorded by a special resolution."

Proceedings at Meetings

Chairman

Article 108 provides that "The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting. If there be no Chairman of the Board of Directors, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act as Chairman, the Directors present may choose a chairman from among their number, and in default of their so doing, the members present in person or by proxy shall choose one of the Directors to be the Chairman and if no Director be present or if no Director be present who is willing to take the Chair, such members shall choose one of their member present who is registered as a member of the Company to be a Chairman. The Chairman of a

General Meeting shall be a member of the Company or a duly constituted attorney or authorised representative of a member."

How questions to be decided at meeting

Article 110 provides that "Every question submitted to any General Meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll, have a casting vote in addition to the vote or votes to which he may be entitled to as a member or as a duly constituted attorney or authorised representative of a member."

Demand for a poll

Article 112 provides that "At any General Meeting, before or on the declaration of the result on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting powers in respect of the resolution, or on which an aggregate sum of not less than rupees fifty thousand has been paid-up. The demand for a poll may be withdrawn at any time by the person or persons who made the demand."

How a poll is to be taken

Article 113 provides that "Subject to the provisions of the Act and of these Articles, the Chairman shall have power to regulate the manner in which a poll shall be taken and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded."

Poll without adjournment

Article 114 provides that **"**A poll demanded on the election of the Chairman of a meeting and a poll demanded on a question of adjournment shall be taken forthwith at the meeting without adjournment. In any other case, the poll shall be taken at such time (not being later than forty-eight hours from the time when the demand was made) and in such manner as the Chairman of the Meeting may direct."

Business may proceed notwithstanding demand of poll

Article 115 provides that "The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the business on which the poll has been demanded."

Members in arrears not to vote

Article 118 provides that "No member shall be entitled to vote either personally or by proxy at any general meeting or meeting of class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has not exercised any right of lien."

Member paying in advance not to be entitled to vote in respect thereof

Article 119 provides that "A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable."

Number of votes to which member entitled

Article 120 provides that "Subject to any special rights or restrictions as to voting affecting any shares, on a show of hands every member present in person and entitled to vote, shall have one vote only. Upon a poll, every member present in person or by proxy or by a duly authorised representative and entitled to vote shall have one vote for each Equity Share held by him. Provided , however, that if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares. No member not personally present shall be entitled to vote on a show of hands unless such member is present by a duly constituted attorney or is a corporation present by a duly authorised representative in which case such attorney or representative if not himself a member, may vote on behalf of the member whose attorney or representative he is, on a show of hands as if he were a member. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote is taken."

Votes in case of joint-holders

Article 122 provides that "If there be joint registered holders of any shares, anyone of such persons may vote at any meeting or may appoint another person (whether member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting, and if more than one of such jointholder be present at any meeting, then one of the said persons so present whose name stand higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the jointholders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stood shall be for the purpose of these Articles deemed jointholders thereof."

Validity of votes given by proxy notwithstanding revocation

Article 129 provides that "A vote given in accordance with the terms of a power of attorney or of an instrument of proxy, shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting, or by Chairman of the meeting before the vote is given."

Form of Proxy

Article 130 provides that "Every instrument of proxy, whether for a specified meeting or otherwise shall as nearly as circumstances will admit, be in the form specified in Schedule IX to the Act."

Time for objection to votes

Article 133 provides that "No objection shall be taken to the validity of any vote, except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes."

Dividend

Division of profits

Article 196 provides that "The profits of the Company, subject to any special rights relating thereto created by these Articles or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively. "

No Dividend on capital paid up in advance and carrying interest

Article 197 provides that " Where capital is paid up on any shares in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest, confer a right to participate in profit."

Declaration of dividend at the General Meeting

Article 198 provides that "The Company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment. But no dividend shall be exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend."

Dividends out of profits only

Article 199 provides that "No dividend shall be payable otherwise than out of the profits of the Company arrived at in the manner provided for in Section 205 of the Act."

Interim Dividend

Article 202 provides that "The Board may, from time to time, pay to the members such interim dividend as in their judgment, the position of the Company justifies."

Debts may be deducted

Article 203 provides that "The Directors may retain any dividends payable on shares on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists."

Payment by post

Article 209 provides that "Unless otherwise directed, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled, or in the case of joint-holders to the registered address of that one whose name stands first on the Register in respect of the joint holding; and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. Several executors or administrators of a deceased member in whose sole name any share stands, shall for the purposes of this Article be deemed to be joint holders thereof.

The Company shall not be liable or responsible for any cheque or warrant lost in transit or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means."

No interest on dividend

Article 211 provides that "No unpaid dividend shall bear interest as against the Company."

Capitalisation

Capitalisation of reserves

Article 213 (a) provides that "A General Meeting, may, upon the recommendation of the Board, direct capitalisation of the whole or any part of the undivided profits for the time being of the Company, or the whole or any part of the Reserve Fund or other Funds of the 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 the Company to be issued to members of the 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 the 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 this Article, only be applied subject to the provisions of Sections 78 (2) and 80 (5) of the Act, in paying of any unissued shares to be issued to the members of the Company as fully paid bonus shares."

Article 213 (b) provides that "A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the members on the footing that they receive the same as capital."

Article 214 provides that "For the purposes of giving effect to any such resolution under the preceding Article, the Directors may settle any difficulty which may arise in regard to the distribution of payment as aforesaid, as they think expedient and in particular, may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payment shall be made to any member upon the footing of the value so fixed or that fractions of less value than Rs.10/- may be disregarded in order to adjust the rights of all parties and may vest any such cash or specific assets in trustees upon such trust for the persons entitled to the dividend or capitalised fund as may seem expedient to the Directors and generally may make such arrangements for the acceptance, allotment and sale of such shares or other specific assets and fractional certificates or otherwise as they may think fit."

Sale of fractional shares

Article 215 provides that "If and whenever any shares are held by any member in fraction, the Directors may, subject to provisions of the Act and these presents and the directions of the Company in General Meeting if any, sell these shares which the members hold in fraction for the best price reasonably obtainable and shall pay and distribute amongst the members entitled to such share in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale, the Directors may authorise any person to transfer the shares sold to the purchaser thereof comprised in any such transfer and he shall not be bound to see the application of the purchase money nor shall his title to the shares be effected by any irregularity or invalidity in the proceedings in reference to the sale."

Article 216 provides that "Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund and such appointment shall be effective."

Winding Up

Distribution of assets

Article 240 provides that "If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid-up, or which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively.And if in a winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid-up or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions."

Distribution in specie or kind

Article 241 (a) provides that "If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution, divide amongst the contributories, in specie or in kind, any part of the assets of the Company and with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, with the like sanction shall think fit."

Article 241 (b) provides that "If thought expedient, any such division, may subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on, any contributory who would be prejudiced thereby shall have a right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act."

Article 241 (c) provides that "In case any shares to be divided as aforesaid involve a liability to calls or otherwise, any person entitled under such division to any of the said shares, may within ten days after the passing of the special resolution, by a notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the liquidators shall, if practicable, act accordingly."

Rights of shareholders in case of sale

Article 242 provides that "A special resolution sanctioning a sale to any other company duly passed pursuant to Section 494 of the Act may, subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the right of dissent and consequent rights conferred by the said Section."

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at Akruti Trade Centre, Road No. 7, Marol MIDC, Andheri (East), Mumbai – 4000 093, Maharashtra, India, from 10.00 a.m. to 4.00 p.m. on working days from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

Material Contracts

(a) Engagement letter dated May 29, 2006 and May 24, 2006 for appointment of J.P. Morgan India Private Limited and Enam Financial Consultants Private Limited as the BRLMs.

(b) Memorandum of understanding dated September 29, 2006 amongst our Company and the BRLMs.

(c) Memorandum of understanding dated June 20, 2006 executed by our Company with the Registrar to the Issue.

(d) Escrow agreement dated [●] between us, the BRLMs, the Escrow Collection Banks, and the Registrar to the Issue.

(e) Syndicate agreement dated [●] between us, the BRLMs and Syndicate Members.

(f) Underwriting agreement dated [●] between us, the BRLMs and Syndicate Members.

Material Documents

(a) Valuation reports dated September 15, 2006 of Knight Frank, CB Richard Ellis and Tramell Crow Meghraj

(b) Shareholders' agreement dated April 15, 2006 between our Company, Chinsha Property Private Limited and DLF Limited (formerly known as DLF Universal Limited).

(c) Shareholders' Agreement dated September 29, 2000 between Harish Patel, Mayur Shah, Mukesh Patel, Nainesh Shah, Hemant M. Shah and Vyomesh M. Shah.

(d) Joint venture agreement dated April 12, 2005 between DLF Limited (formerly known as DLF Universal Limited) and our Company.

(e) Joint venture agreement dated April 12, 2005 between our Company and DLF Limited (formerly known as DLF Universal Limited) and a supplemental deed to the joint venture agreement dated September 20, 2005.

(f) Consortium agreement dated August 14, 2003 between our Company and Mr. Niranjan Hiranandani and Mr. Surendra Hiranandani.

(g) Joint Venture agreement dated April 30, 2006 between SMC Infrastructure Private Limited and our Company.

(h) Deed of Partnership of Akruti Steelfab Corporation dated September 3, 1996.

(i) Deed of Partnership of Akruti Kailash Constructions dated February 20, 1997.

(j) Deed of Partnership of Prisitne Developers dated June 21, 2006.

(k) Deed of Partnership of Aarti Projects and Constructions dated March 22, 2004.

(l) Memorandum of Understanding dated May 8, 2006 between Vishal Nirman (India) Private Limited with Chaitra Realty Limited.

(m) Our Memorandum and Articles of Association as amended till date.

(n) Resoltiuon of the Board of Directors passed at its meetings held on April 20, 2006, authorising the Issue.

(o) Resoltiuon of our shareholders passed at the annual general meeting of our Company held on May 8, 2006 authorising the Issue.

(p) Resolutions of the general body for appointment and remuneration of our whole-time Directors.

(q) Report of the Auditors, Chartered Accountants, prepared as per Indian GAAP and mentioned in this Red Herring Prospectus and letters from the auditors dated January 2, 2007.

(r) Copies of annual reports of our Company for the past five financial years.

(s) General powers of attorney executed by our Directors in favour of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.

(t) Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Banker to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the BRLMs, International Legal Counsel to the BRLMs, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

(u) Listing agreements dated [●] and [●] with BSE and NSE respectively.

(v) Applications dated October 3, 2006 for in-principle listing approval from BSE and NSE.

(w) In-principle listing approval dated October 19, 2006 and November 17, 2006 from NSE and BSE, respectively.

(x) Agreement between NSDL, our Company and the Registrar to the Issue dated July 28, 2006.

(y) Agreement between CDSL, our Company and the Registrar to the Issue dated July 12, 2006.

(z) Due diligence certificate dated September 29, 2006 to SEBI from the BRLMs.

(aa) SEBI observation letter CFD/DIL/NB/JAK/82130/2006 dated December 13, 2006.

(bb) DIPP letter no. 5(6)/2000-FC(Pt.file) dated November 14, 2006

(cc) RBI letter No. FE.CO.FID/12752/10.78.000/2006-07 dated December 12, 2006

(dd) Inseriatim reply dated January 4, 2007 to SEBI observation letter dated December 13, 2006 filed with SEBI by the BRLMs.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

Signed by all Directors

Mr. Hemant M. Shah, Executive Chairman	Mr. Vyomesh M. Shah, Managing Director
Mr. P H Ravikumar	Mr. Shailesh Haribhakti
Mr. Madhukar Chobe	Mr. Shailesh Bathiya
Mr. D. R. Kaarthikeyan	

Mr. A. Ramkrishnan, Chief Executive Officer

Mr. Rajendra Shah, Chief Finance Officer

Date: January 8, 2007
Place: Mumbai

ANNEXURE A

VALUATION REPORT - KNIGHT FRANK

September 15, 2006

To:
The Board of Directors of Akruti Nirman Limited
JP Morgan India Private Limited
Enam Financial Consultants Private Limited
The Syndicate Members and affiliates of the above Underwriters

Akruti Nirman Limited - Valuation of Properties

Ladies and Gentlemen:

In connection with the proposed offering (the "Issue") of equity shares in Akruti Nirman Limited (the "Company"), we have assessed the value (the "Valuation") of sixteen projects representing an aggregate of 3.54 million square feet of developed or potential developed area (each, a "Valued Property" and collectively, the "Valued Properties").

The Valued Properties are as follows:

1. Akruti Elegance (B Wing) – Retail, Mulund (E)
   Akruti Elegance (B Wing) – Residential, Mulund (E)

2. Akruti One World Mall (Saiwadi Mall), Andheri (E)

3. Akruti One World Mall (K-Mall), Kanjur Marg

4. Akruti One World Mall (S-Mall), MSRTC, Thane

5. Akruti One World Mall (A-Mall), Thane

6. Akruti Lake Woods, Thane

7. Akruti Orchid Park (Wing C to I), Andheri (E)

8. Akruti Erica, Vile Parle

9. Akruti Elite Plaza, Mahalaxmi

10. Akruti Turf View, Lower Parel

11. Akruti Ambience, Bandra (E)

12. Akruti Emerald, Matunga

13. Akruti Solitare, Bandra (W)

14. Akruti Princess, Worli Sea Face

15. H Mill, Prabhadevi

16. Rachna Sansad, Prabhadevi

The Valuation was conducted for the purpose of determining the value of the Valued Properties that is achievable by the Company and is based on the income potential from the projects as assessed by Knight Frank India Pvt. Ltd. and project plans, cost estimates and developers' profit as per the information provided by the Company. The Valuation is the basis for our opinion of value (the "Opinion of Value") which, together with a report on the Valuation, was delivered to the Company on September 15, 2006.

The Valuation is based on the following assumptions, among others:

(a) that there is a willing buyer and seller of each Valued Property;

(b) that prior to the date of valuation, there had been a reasonable period for the proper marketing of the interest in each Valued Property, for the agreement of price and terms and for the completion of the sale;

(c) that the state of the market, level of value and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

(d) that no account is taken of any additional bid by a purchaser with a special interest in the Valued Property; and

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Our report on the Valuation contains a number of additional assumptions, which are summarized in Annex 1 to this letter. We have also assumed that the relevant projects are completed as planned and within the contemplated timetable.

The valuation for three types of properties has been calculated as described below:

1. *Completed Projects*

   We have used market approach for valuation of completed projects. A comparison is made for the purpose of valuation with similar properties that have recently been sold or available for sale in the market. Value of the property worked out after deducting brokerage cost from the sale value. Brokerage cost is estimated at percentage of sale value.

2. *Under Construction Projects*

   Value of the under construction project (likely to be completed in a year's time) is worked out after deducting balance cost of construction and brokerage cost from estimated sale value. Balance cost of construction is worked out on the basis of incomplete percentage of construction work as per the information provided by the Company.

3. *Upcoming Projects*

   Value of the property is land value. We used Discounted Cash Flow (DCF) method to arrive at property value. The DCF methods determine the present value of future cash flows by discounting them using the appropriate WACC (Weighted Average Cost of Capital).

Net cash flow is arrived after deducing cash outflows (land development cost, cost of construction, brokerage cost, etc) from cash inflow (realizable from sale). Capitalizing net cash flow at WACC gives value of property. WACC is a function of the cost of equity, the cost of debt and debt equity ratio.

We have taken reasonable care in inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth, accuracy and reasonableness of the information provided to us by the Company which is material to the valuation, including the costs in respect of the Valued Properties that were used in the Valuation. We were also advised by the Company that no material facts or assumptions have been omitted from the information provided to us. We have obtained and inspected such other information as was considered relevant for conducting the Valuation and delivering the Opinion of Value.

Based on and subject to the foregoing:

i) we are of the opinion that the methodologies, procedures and assumptions involved in the Valuation are fair and reasonable in light of the circumstances in which they were used or made; and

ii) we confirm our Opinion of Value, i.e., that in our opinion, as of September 15, 2006, the net present value of the Valued Properties was Rs.25,190 million on an EBITDA basis and before consideration of the developer's profit.

Each Valued Property was valued as follows:

Akruti Elegance (B Wing) – Retail, Mulund (E)	Rs.54 million
Akruti Elegance (B Wing) – Residential, Mulund (E)	Rs.24 million
Akruti One World Mall (Saiwadi Mall), Andheri (E)	Rs.7,913 million
Akruti One World Mall (K-Mall), Kanjur Marg	Rs.1,440 million
Akruti One World Mall (S-Mall), MSRTC, Thane	Rs.1,544 million
Akruti One World Mall (A-Mall), Thane	Rs.344 million
Akruti Lake Woods, Thane	Rs.396 million
Akruti Orchid Park (Wing C to I), Andheri (E)	Rs.975 million
Akruti Erica, Vile Parle	Rs.375 million
Akruti Elite Plaza, Mahalaxmi	Rs.613 million
Akruti Turf View, Lower Parel	Rs.488 million
Akruti Ambience, Bandra (E)	Rs.760 million
Akruti Emerald, Matunga	Rs.550 million
Akruti Solitare, Bandra (W)	Rs.480 million
Akruti Princess, Worli Sea Face	Rs.1,408 million
H Mill, Prabhadevi	Rs.7,600 million
Rachna Sansad, Prabhadevi	Rs.226 million
Total	Rs.25,190 million

The net present value of the Company's share as of September 15, 2006 of the Valued Properties was Rs.12,611 million based on the Company's share details as provided by the Company.

Yours faithfully,

For **KNIGHT FRANK INDIA PVT. LTD.**

Gulam Zia
National Director – Advisory Services

For **KNIGHT FRANK INDIA PVT. LTD.**

Ghanshyamsinh D. Vadher
Manager – Valuation

For **KNIGHT FRANK INDIA PVT. LTD.**

Deepak Sonawane
Assistant Manager – Valuation

Annex 1
Assumptions in the Report

1. **Data Source**

We assume that information provided by company or its representative for this valuation for all relevant projects is true and accurate. It includes details of measurements of land and built up area, development control regulations, development mix proposed, construction cost for rehabilitation project and escalation in construction cost and percentage share of the company in projects under Joint Development contracts, etc.

2. **Legal Aspects**

We have not gone through the legal aspects like documents of title deed, lease deed, revenue records, court matters (if any), documentation like joint development with other companies. We also assume for this valuation assignment that the title and development rights of all the properties lies with the Company and is clear, marketable and free of all encumbrances, restrictions, easements or charges which may have detrimental effect upon the value of the property. It is also assumed that company has paid all property related taxes.

3. **Development Permission**

All projects will be developed according to development control regulations of respective authority. It is assumed that company is eligible to obtain develop permission for all properties from respective development authorities. We have neither gone through the statutory norms and development rights of any authority nor inspected any such permission like permission for land use, mix development permission, construction permission, etc.

4. **Site Inspection**

We totally relied on the company or representative of company for identification of property. We have not done any site analysis related to conditions and services for the purpose for which property is developed or intended to be developed. We have also not done any soil investigation of land.

5. **Environmental Aspect**

For the purpose of this valuation assignment we assumed that the property is not subject to any environmental contamination. However, as we are not experts in this field we recommend that an appropriate consultant may be engaged to confirm our assumptions. If the subsequent investigation identifies any environmental contamination on the site our report may require revision.

6. **Structural Surveys**

We have neither carried out any structural surveys nor experts in the field of structural survey. Therefore, we do not give any assurance that properties are free from structural defect. If any investigation identifies any structural defect in the property our report may require revision.

7. **Materials Deleterious**

We assumed that all the constructed structures and proposed construction is/will be free from harmful materials and/or techniques. Our valuations are on the basis that no such materials or techniques have been used.

8. Accounting and Financial Aspects

Unless advised by the company or representative of the company, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of balance land cost, completed works, or obligations in favour of contractors, subcontractors or any other professional.

9. Liability

Unless advised by the company or representative of the company, no allowance is made for any expense of realization or for taxation, which may arise in the event of a disposal. The property is considered as if free and clear of all mortgages or other charges that may be secured thereon.

10. Market Study

This report is not based on a comprehensive market research for all possible markets. We have assumed that demand, supply, pricing, fiscal and non-fiscal policies of Government, taste of public will remain same as on date of valuation over the period of time of development. All of these factors are in strong relation with the value of property. Any radical change in any of the factor may affect value at large.

ANNEXURE B

VALUATION REPORT - CB RICHARD ELLIS

September 15, 2006

To:
The Board of Directors of Akruti Nirman Limited
JP Morgan India Private Limited
Enam Financial Consultants Private Limited
The Syndicate Members and affiliates of the above Underwriters

Akruti Nirman Limited - Valuation of Properties
Ladies and Gentlemen:

In connection with the proposed offering (the "Issue") of equity shares in Akruti Nirman Limited (the "Company"), we have assessed the value (the "Valuation") of three projects representing an aggregate of 1.34 million square feet of developed or potential developed area (each, a "Valued Property" and collectively, the "Valued Properties").

The Valued Properties are as follows:

1. Golibar, Santacruz (E), Mumbai.
2. Hari Nagar, Jogeshwari (E), off the Western Express Highway, Mumbai.
3. Mogra Village, Andheri (E), Mumbai.

The Valuation was conducted for the purpose of determining the value of the Valued Properties that is achievable by the Company and is based on the income potential from the projects as assessed by CB Richard Ellis South Asia Pvt Ltd and project plans, cost estimates and developers' profit as per the information provided by the Company. The Valuation is the basis for our opinion of value (the "Opinion of Value") which, together with a report on the Valuation, was delivered to the Company on September 15, 2006.

The Valuation was conducted in accordance to the guidelines laid out in the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors, a United Kingdom based professional body representing and regulating a global body of over 120,000 property professionals and surveyors, with appropriate adaptations and modifications to take into account local market norms and procedures. The Appraisal and Valuation Manual defines "Open Market Value" as:

"An opinion of the best price at which the sale of an interest in property would have been complete unconditionally for cash consideration on the date of the valuation", assuming:

1. a willing seller;
2. that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest and for the agreement of the sale price;
3. that, the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
4. that no account is taken of any additional bid by a prospective buyer with a special interest;

5. that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Our report on the Valuation contains a number of additional assumptions, which are summarised in Annex 1 to this letter. We have also assumed that the relevant projects are completed as planned and within the contemplated timetable.

The valuation of the Valued Properties has been undertaken on the basis of the discounted cash flow approach (income approach) to valuation. This approach is based on the premise that the value of an income-producing asset is a function of future benefits and income that can be derived from the same.

Using the discounted cash flow method, future cash flows from the Valued Properties are forecast using precisely stated assumptions, together with the estimated capital value of the building(s) upon a deemed disposition at the end of a holding period. This method allows for the explicit modelling of income associated with the property. These future financial benefits then are discounted to a present day value at an appropriate discount rate.

We have taken reasonable care in inspecting the information provided to us, but have made no enquiries with the relevant local authorities about the validity of the same. We have no reason to doubt the truth, accuracy and reasonableness of the information provided to us by the Company which is material to the valuation, including the costs in respect of the Valued Properties that were used in the Valuation. We were also advised by the Company that no material facts or assumptions have been omitted from the information provided to us. We have obtained such other information as was considered relevant for conducting the Valuation and delivering the Opinion of Value.

Based on and subject to the foregoing:

(i) we are of the opinion that the methodologies, procedures and assumptions involved in the Valuation are fair and reasonable in light of the circumstances in which they were used or made; and

(ii) we confirm our Opinion of Value, i.e., that in our opinion, as of September 15, 2006, the open market value of the Valued Properties was Rs.2,852 million on a discounted cash flow basis, considering a '**Weighted Average Cost of Capital**' (WACC) rate of 17.5% based on the developer's expectations. This WACC rate has been arrived at after considering:

  (a) the cost of debt at 10% p.a.,

  (b) the cost of equity at 25% p.a., and,

  (c) the proportion of debt & equity at 1:1

Each Valued Property was valued as follows:

Golibar, Santacruz (E), Mumbai	Rs.1,423 million
Hari Nagar, Jogeshwari (E), off the Western Express Highway, Mumbai	Rs.778 million

Mogra Village, Andheri (E), Mumbai	Rs.651 million
Total	Rs.2,852 million

The open market value of the Company's share as of September 15, 2006 of the Valued Properties was Rs.2,852 million based on the Company's share details as provided by the Company.

Yours faithfully,

for **CB RICHARD ELLIS SOUTH ASIA PVT. LTD.**

Gulzar Malhotra

Associate Director

for **CB RICHARD ELLIS SOUTH ASIA PVT. LTD.**

Khurshed Gandhi

Consultant

Annex 1

Assumptions and Limiting Conditions in the Report

1. The requisite area configuration (including land and permissible built-up area) details have been provided by the client. CBRE has not undertaken physical measurements to verify the land area. Further, the validity of the permissible built-up area has not been confirmed from the relevant development authorities.

2. CBRE has assessed the achievable open market value of the subject property based on the development potential (viz. permissible built-up area) of the same.

3. CBRE has assumed that residential development would be permissible on the subject property. Further, the permissible land use of the subject property has not been verified from the relevant development authorities.

4. All details pertaining to the TDR component of the subject project viz. quantum to be generated / purchased, achievable sale price / cost of purchase along with the timelines for the same have been provided by the client. CBRE has not validated the legality of the same from relevant development authorities. Further, the projected revenues / expenses attributable to the TDR component have not been verified from a market perspective.

5. All details pertaining to the rehabilitation component of the subject project viz. quantum to be constructed, estimated capital expenditure (construction cost) etc have been provided by the client. CBRE has not validated the legality of the same from relevant development authorities. Further, the projected costs have not been verified from a market perspective.

6. Projected timelines and estimated commencement date for construction have been provided by the client. CBRE has not verified the feasibility of the same from a physical perspective.

7. For the purpose of this valuation, we have assumed that the subject property is free from any encumbrances, disputes and claims etc. We have not verified the same with the relevant authorities.

8. CBRE has assumed that the subject property is free from any encroachments and is available for development as of the date of the valuation.

9. CBRE has not taken into account any compensation payable towards the rehabilitation/re-housing of existing tenants.

10. No legal advice regarding the title and ownership of the subject property has been sought for the purpose of this valuation exercise. It is assumed that the title deeds are clear and marketable.

11. The subject valuation exercise is based on prevailing real estate market dynamics as on the date of the valuation and does not take into account any unforeseeable developments which could impact the same in the future.

    This property valuation and report is subject to the following conditions

12. Neither the whole nor any part of this valuation and report or any reference to it may be included in any published document, circular or statement nor published in any way without the valuer's prior written approval of the form and context in which it may appear.

13. Where it is stated in the report that another party has supplied information to the valuer, this information is believed to be reliable but the valuer can accept no responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of the records and examination of documents or by inquiry from the Government or other appropriate departments.

14. The valuer's responsibility in connection with this valuation report is limited to the client to whom it is addressed and to that client only. The valuer disclaims all responsibility and will accept no liability to any other party.

15. The values assessed in this report for the subject property and any allocation of values between parts of the property applies only in the terms of and for the purpose of this report. The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.

16. Where the values are assessed, they reflect the full contract value and no account is taken of any liability to taxation on sale or of costs involved in effecting sale.

17. The valuer is not required to give testimony or to appear in court by reason of this valuation report, with reference to the property in question, unless arrangement has been made thereof.

18. In addition, certain reports contain location-specific assumptions, as follows:

19. Golibar: For the purpose of this valuation exercise, CBRE has assumed that the subject property is not located along the air funnel of Mumbai airport. Consequently height restrictions would not apply to the same.

20. Golibar and Hari Nagar: Based on information provided by the client, CBRE has assumed that the majority of development activity would be confined to areas abutting the Western Express Highway. Consequently, a marginal premium has been factored into the achievable sale prices for the same.

ANNEXURE C

VALUATION REPORT - TRAMMELL CROW MEGHRAJ

September 15, 2006

To:
The Board of Directors of Akruti Nirman Limited
JP Morgan India Private Limited
Enam Financial Consultants Private Limited
The Syndicate Members and affiliates of the above Underwriters

Akruti Nirman Limited - Valuation of Properties

Ladies and Gentlemen:

In connection with the proposed offering (the "Issue") of equity shares in Akruti Nirman Limited (the "Company"), we have assessed the value (the "Valuation") of sixteen projects representing an aggregate of 14.731 million square feet of properties developed, under development or yet to be developed (each, a "Valued Property" and collectively, the "Valued Properties").

The Valued Properties are as follows:

1. Akruti Trade Centre, Pocket 10, Road No. 7, Marol MIDC, Andheri (East), Mumbai - 400093
2. Akruti Softech Park, Pocket 7, Road No. 21, MIDC, Andheri East Mumbai - 400093
3. Akruti Centre Point, Pocket 4, Marol MIDC, Andheri (East), Mumbai - 400093
4. Akruti Orion, Plot bearing F.P. No. 411, TPS-V of Vile Parle (East) Mumbai - 400057
5. Akruti City, CTS No. 194 B, Ghatkopar (East), Mumbai - 400071
6. Akruti Empire, Plot bearing C.T.S No. 5426, Opp. ICICI Bank, Bandra Kurla Complex, Bandra (E), Mumbai
7. Akruti Central Square, Pocket 5, Central Road, Marol MIDC, Andheri (East) Mumbai - 400093
8. Akruti Central Link, Pocket 9, Marol MIDC, Andheri (East) Mumbai - 400093
9. Akruti One World Mall (Shankarwadi), plot bearing C.T.S. No. 330 (pt), Jogeshwari (East), Mumbai
10. Emperor Towers, Tulsiwadi, plot C.S. No. 383 (pt), 1/383, 389, 390, 397 & 413 (pt) of Tardeo Division, K. Khadye Marg, Mahalaxmi, Mumbai - 400034
11. DLF Akruti Info Park, Pune, Plot No. 28, 29 & PL -2 at Rajiv Ghandi Infotech Park, Hinjewadi Ph-II, Village Man, Taluka Mulshi, Dist. Pune
12. Commercial Construction, Junction of M G Road and Link Road, Kandivali (West)
13. Nariman Cottage, Near Adarsh Nagar, veer nariman Market, Prabhadevi
14. BKC Slums, Near Teachers Colony, Bandra Kurla Complex, Bandra (E)

15. Manav Properties, CTS no. 350, village Kandur, L.B.S. Marg, Bhandup (West), Mumbai

16. Bab Properties, village Kirol, near Kurla terminus, Kurla (West), Mumbai

The Valuation was conducted for the purpose of determining the value of the Valued Properties that is achievable by the Company and is based on the income potential from the projects as assessed by Trammell Crow Meghraj Property Consultants Pvt. Ltd. and project plans, cost estimates and developers' profit as per the information provided by the Company. The Valuation is the basis for our opinion of value (the "Opinion of Value") which, together with a report on the Valuation, was delivered to the Company on September 15, 2006.

The Valuation was conducted in accordance with the standards published by the Royal Institution of Chartered Surveyors, a United Kingdom based professional body representing and regulating a global body of over 120,000 property professionals and surveyors, with appropriate adaptations and modifications to take into account local market norms and procedures.

The Valuation is based on the following assumptions, among others:

(a) that there is a willing buyer and seller of each Valued Property;

(b) that prior to the date of valuation, there had been a reasonable period for the proper marketing of the interest in each Valued Property, for the agreement of price and terms and for the completion of the sale;

(c) that the state of the market, level of value and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

(d) that no account is taken of any additional bid by a purchaser with a special interest in the Valued Property; and

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Our report on the Valuation contains a number of additional assumptions, which are summarised in Annex 1 to this letter. We have also assumed that the relevant projects are completed as planned and within the contemplated timetable.

The valuation for three types of properties has been calculated as described below:

1. Projects Yet to be Developed

The Valuation comprises land valuation that the Company can achieve based on the project planning and assessed income potential. The assessment is carried out on an EBITDA basis, i.e., earnings before interest, tax, depreciation and amortisation. The valuation is determined based on the projected revenues from the property, less the projected construction and development costs in respect of the property, i.e. EBITDA.

Projected revenues from the Valued Properties were determined based on studies of the relevant markets to determine the applicable rental or capital sale values of the properties. Construction and development costs were based on the information provided by the Company and the experience of the consultant.

In the case of projects with the component of slum or area to be provided to the government body in lieu of the incentive area available for sale in the open market, the cost to be incurred on the development of the same is reduced from the total project revenue in addition to the cost of the free sale component.

2. Projects Under Development

The Valuation comprises land valuation as described in Clause 1 above and the valuation of the building on an "as is" basis. The building valuation is based on the construction costs and the percentage completion of the building as per the information provided by the Company.

3. *Projects Completed and Leased to Tenants*

The Valuation comprises the valuation of the land and building based on the rental income stream from the tenanted space. The same is derived by capitalising the income projected from the project. Furthermore, the area sold to the tenants on outright basis has been reduced from the total saleable area of the property.

In connection with the Valuation, we have conducted suitable analyses and assessments of the level of market interest for the Valued Properties and the nature and level of demand and supply in the relevant commercial, residential, retail and other property segments. However, best use analysis has not been carried out for the subject property to arrive at the best possible product mix. However we have obtained and inspected such other information as was considered relevant for conducting the Valuation and delivering the Opinion of Value.

We have taken reasonable care in inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth, accuracy and reasonableness of the information provided to us by the Company which is material to the valuation, including the costs in respect of the Valued Properties that were used in the Valuation. We were also advised by the Company that no material facts or assumptions have been omitted from the information provided to us.

Based on and subject to the foregoing:

1. we are of the opinion that the methodologies, procedures and assumptions involved in the Valuation are fair and reasonable in light of the circumstances in which they were used or made; and
2. we confirm our Opinion of Value, i.e., that in our opinion, as of September 15, 2006, the fair market value of the Valued Properties was Rs.57,911 million on an EBITDA basis and before consideration of the developer's profit.

Each Valued Property was valued as follows:

1.	Akruti Trade Centre	Rs.1,106 million
2.	Akruti Softech Park	Rs.117 million
3.	Akruti Centre Point	Rs.1,584 million
4.	Akruti Orion	Rs.52 million
5.	Akruti City	Rs.10,406 million
6.	Akruti Empire	Rs.439 million
7.	Akruti Central Square	Rs.1,828 million
8.	Akruti Central Link	Rs.1,707 million
9.	Akruti One World Mall (Shankarwadi)	Rs.718 million
10.	Emperor Towers	Rs.26,870 million

11.	DLF Akruti Info Park, Pune	Rs.6,314 million
12.	Commercial Construction	Rs.538 million
13.	Nariman Cottage	Rs.192 million
14.	BKC Slums	Rs.2,101 million
15.	Manav Properties	Rs. 2,167 million
16.	Bab Properties	Rs. 1,772 million
17.	Total	Rs.57,911 million

The fair market value of the Company's share as of September 15, 2006 of the Valued Properties was Rs.24,816 million based on the Company's share details as provided by the Company.

Yours faithfully,

For **TRAMMELL CROW MEGHRAJ PROPERTY CONSULTANTS PVT. LTD.**

Mr. Ashutosh Limaye
Head - West, Consulting Practice
Consulting and Land Agency

For **TRAMMELL CROW MEGHRAJ PROPERTY CONSULTANTS PVT. LTD.**

Mr. Gurminder Singh
Manager - Consulting Practice
Consulting and Land Agency

Annex 1
Assumptions included in the Report

1. Source of Information

We accept as being complete and correct the information provided to us, by the Company, as to details of property measurements including land and built up area, proposed development mix, construction costs and percentage share of the Company in projects under joint development.

2. General assumptions

This report is not based on a comprehensive market research for all possible market situations. In this connection, we have relied on the information supplied to us and updated it by reworking the crucial assumptions underlying such information as well as incorporating published or otherwise available information. We have endeavoured to develop forecasts on demand, supply and pricing on assumptions that are considered relevant and reasonable at this point of time. All of these forecasts are in the nature of likely or possible events/occurrences. Changes in socio-economic and political conditions could result in a substantially different situation than those presented at the stated effective date. We assume no responsibility for changes in such external conditions. In the absence of a detailed field survey of the market and industry, we have relied upon secondary sources of information for a macro-level analysis. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis.

3. Disclaimer

Neither consultant, nor any of its employees, has a financial interest in the proposed projects. Additionally, the fee for this report is not contingent upon the Opinion of Value or otherwise reported herein. The report in which this notice is incorporated does not constitute an offer or invitation to any section of the public to subscribe for or purchase any securities in or assets or liabilities of the Company. The consultant endeavours to provide services to the best of its ability in good faith. There will be no liability to the consultant (including its directors, staff and associated entities) for any economic loss or damage suffered arising out of or in connection with this engagement. All assumptions made in order to determine the Opinion of Value and cash flow analysis of the identified property were based on information or opinions as current. In the course of our analysis, we were provided with both written and verbal information, including limited information on the market, financial and operating data, which we accepted as accurate. Nothing has come to our attention to cause us to believe that the facts and data set forth in this report are not true or correct. Therefore, no responsibility is assured for technical information furnished by the third party organisations and this is believed to be reliable.

4. Title Documentation

We have not read documents of title including any lease documentation and joint development contracts. We assume, unless informed to the contrary, that the title of all the properties lies or would rest with the Company and/or its subsidiaries and is clear, marketable and free of all encumbrances, restrictions, easements or other outgoing of an onerous nature which would have a material effect on the value of interest under neither consideration nor material litigation pending. We have considered the percentage share of the Company in the respective projects as per the information provided by the Company and have not verified the same from the shareholders agreement or SPV agreement, as the same was not made available for inspection. Also, we assume that all property taxes and any other statutory dues have been paid.

5. **Town Planning and Statutory Regulations**

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and development control regulations. We have not undertaken independent verification of the compliance with the statutory norms that regulate the development on the respective properties and the information on land use, development mix and size have been provided by the Company.

6. **Site Condition**

Unless expressly instructed, we do not carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses or delays will be incurred during the construction period due to these matters.

7. **Environmental Contamination**

Unless expressly instructed, we do not carry out site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination.

8. **Structural Surveys**

We have not carried out structural surveys and test of the services and we therefore do not give any assurance that properties are free from defect. We have not carried out physical inspections of the properties and our valuations do not reflect any readily apparent defects or items of disrepair, or costs of repair.

9. **Deleterious Materials**

We have not carried out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, wood as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

10. **Outstanding Debts**

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

11. **Disposal Costs and Liabilities**

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK