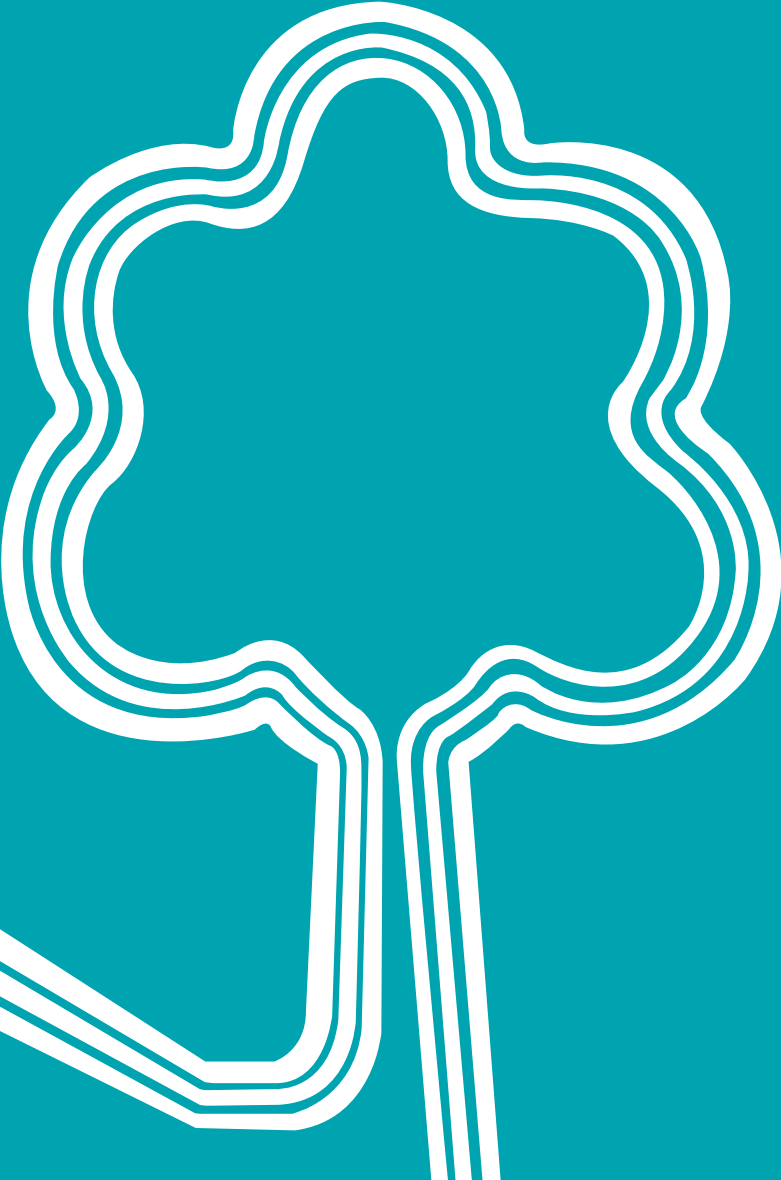


BUILDINGS THAT TAKE CARE OF YOU.





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ACKRUTI CITY

Board of Directors

HEMANT M. SHAH *Executive Chairman*

D. R. KAARTHIKEYAN

SHAILESH V. HARIBHAKTI

P. H. RAVIKUMAR

SHAILESH H. BATHIYA

VYOMESH M. SHAH *Managing Director*
(VIMAL M. SHAH)

MADHUKAR B. CHOBE *Wholetime Director*

Committees of the Board

Audit and Compliance Committee

SHAILESH H. BATHIYA *Chairman*

P. H. RAVIKUMAR

SHAILESH V. HARIBHAKTI

VYOMESH M. SHAH

Remuneration Committee

SHAILESH V. HARIBHAKTI *Chairman*

D. R. KAARTHIKEYAN

P. H. RAVIKUMAR

Shareholders'/ Investors' Grievances Committee

SHAILESH H. BATHIYA *Chairman*

HEMANT M. SHAH

VYOMESH M. SHAH

Company Secretary

CHETAN S. MODY

Statutory Auditors

DALAL & SHAH, CHARTERED ACCOUNTANTS

DOSHI DOSHI & ASSOCIATES, CHARTERED ACCOUNTANTS

Internal Auditors

MAHAJAN & AIBARA, CHARTERED ACCOUNTANTS

AXIS RISK CONSULTING SERVICES PRIVATE LIMITED

Registered Office

ACKRUTI TRADE CENTRE, 6TH FLOOR

ROAD NO.7, MAROL MIDC

ANDHERI (EAST), MUMBAI 400 093

Registrar & Transfer Agents

LINK INTIME INDIA PRIVATE LIMITED

C-13, PANNALAL SILK MILLS COMPOUND

LAL BAHADUR SHASTRI MARG

BHANDUP (WEST), MUMBAI 400 078

Bankers

STATE BANK OF INDIA

PUNJAB NATIONAL BANK

ICICI BANK

UCO BANK

INDIAN OVERSEAS BANK

UNION BANK OF INDIA

KOTAK MAHINDRA BANK

CANARA BANK

STATE BANK OF PATIALA

HDFC BANK

CORPORATION BANK

IDBI BANK



ACKRUTI CITY

TOWARDS SUSTAINABLE DEVELOPMENT

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

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

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

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

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

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

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

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

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

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

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

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

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



ACKRUTI CITY

CHAIRMAN'S MESSAGE

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

Dear Shareholder,

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

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

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

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

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

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

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

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

OUTLOOK :

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

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



ACKRUTI CITY

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

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

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



ACKRUTI CITY

POWERTALK

IN CONVERSATION WITH MANAGING DIRECTOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q. What are your biggest emerging challenges?

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

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

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



ACKRUTI CITY

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

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

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

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

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

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



ACKRUTI CITY

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF ACKRUTI CITY LIMITED WILL BE HELD ON WEDNESDAY, SEPTEMBER 29, 2010 AT 11.30 A.M. AT WALCHAND HIRACHAND HALL, 4TH FLOOR, INDIAN MERCHANTS' CHAMBER BUILDING, INDIAN MERCHANTS' CHAMBER MARG, CHURCHGATE, MUMBAI 400 020 TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

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

SPECIAL BUSINESS :

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

As an Ordinary Resolution :

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

As an Ordinary Resolution :

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

As an Ordinary Resolution :

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

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

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

Chetan S. Mody
Company Secretary

August 7, 2010

Notes :

1. A PERSON ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A proxy in order to be effective must be lodged at the Registered Office of the Company not less than 48 hours before the Meeting.



ACKRUTI CITY

NOTICE (CONTD.)

3. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 setting out the material facts concerning the ordinary business at Item No. 5 and special business at Item Nos. 6 to 8 of the accompanying Notice is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 20, 2010 to September 29, 2010 (both days inclusive) in connection with the Annual General Meeting.
5. The dividend as recommended by the Board, if approved at the Annual General Meeting, will be made payable on or after September 29, 2010 to those members whose names appear in the Company's Register of Members as on the book closure dates.
6. Members having any questions on the Annual Report are requested to send their queries atleast ten days before the Annual General Meeting, which will enable the Company to furnish the replies at the Annual General Meeting.
7. Members are requested to notify immediately any change in their address / bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (West), Mumbai 400 078 in respect of their physical share folios, if any.
8. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company / Link Intime India Private Limited will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company / Link Intime India Private Limited will not entertain any direct request from such members for deletion of / change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.
9. Pursuant to Clause 49 (VI) (A) of the Listing Agreement with the Stock Exchanges, a brief note on the background and the functional expertise of the Directors retiring by rotation and seeking reappointment at the ensuing Annual General Meeting is provided in the Section on 'Corporate Governance Report' forming part of the Annual Report.
10. Members are requested to bring their attendance slip alongwith the Annual Report to the Annual General Meeting.

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

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

August 7, 2010

Chetan S. Mody
Company Secretary