

ANNUAL REPORT
2007-08



BRIGADE ENTERPRISES LIMITED

INNOVATION • QUALITY • TRUST

The Board of Directors



M.R. Jaishankar
Chairman & Managing Director



Githa Shankar
Wholetime Director



M.R. Gurumurthy
Non-Executive Director



M.R. Shivram
Non-Executive Director



Dr K. Kasturirangan
Independent Director



P.V. Maiya
Independent Director



Dr T.N. Subba Rao
Independent Director



P.M. Thampi
Independent Director



Dr Anumolu Ramakrishna
Additional Director

OUR VISION:
To be a world-class organisation

BRIGADE ENTERPRISES LIMITED

BOARD OF DIRECTORS

Mr M.R. Jaishankar, *Chairman & Managing Director*
Ms Githa Shankar, *Wholetime Director*
Mr M.R. Gurumurthy, *Non-Executive Director*
Mr M.R. Shivram, *Non-Executive Director*
Dr K. Kasturirangan, *Independent Director*
Mr P.V. Maiya, *Independent Director*
Dr T.N. Subba Rao, *Independent Director*
Mr P.M. Thampi, *Independent Director*
Dr Anumolu Ramakrishna, *Additional Director*

COMPANY SECRETARY

Mr A. Anil Kumar

AUDITORS

M/s Narayanan, Patil & Ramesh
Chartered Accountants, 103,
Brigade Links, Seshadripuram, Bangalore 560 020.

PRINCIPAL BANKERS

Corporation Bank
State Bank of India

REGISTERED OFFICE

135, Penthouse, Brigade Towers,
Brigade Road, Bangalore 560 025
Telephone No.: 080-4137 9200
Fax No.: 080-2221 0784
E-mail Id.: investors@brigadegroup.com

CORPORATE OFFICE

Hulkul Brigade Centre,
Lavelle Road, Bangalore 560 001
www.brigadegroup.com

SHARES LISTED AT

National Stock Exchange of India Ltd (NSE)
Bombay Stock Exchange Ltd (BSE)

REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Plot Nos. 17 to 24 Vittalrao Nagar,
Madhapur, Hyderabad 500 081
Telephone No.: 040-23420815 to 24
Fax No.: 040-23420814 E-mail Id.: svraju@karvy.com

Brigade Enterprises was established in 1990. In December 2007, we reached yet another milestone in our history: we made the transition from a private to a public limited company.

Today, we are one of Bangalore's leading property developers. Ours is a uniquely diverse multi-domain portfolio that covers a wide range of residential, commercial and hospitality projects. Our projects now extend across several other major cities in South India: Chennai, Chikmagalur, Hyderabad, Kochi, Mangalore and Mysore.

Brigade's standards of innovation, quality and trust have been established and are being upgraded constantly by the high-calibre team of Brigadiers. We draw upon a national and international pool of professional associates; employ modern construction technology; work in a professional environment supported by ERP; and follow best practices of HR management.

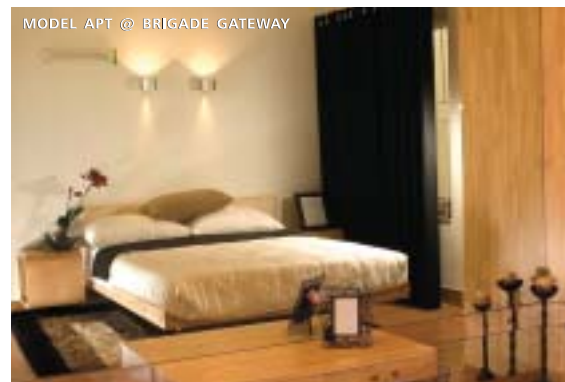
Our vision and endeavour have always been to create world-class living and working environments, providing a better quality of life for people who inhabit them.

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A respected brand name;
a reputation for
innovation, quality & trust.





BRIGADE SOLITAIRE @ MYSORE



VIEW OF THE CENTRAL COURTYARD @ BRIGADE PETUNIA



RESIDENTIAL TOWERS @ BRIGADE METROPOLIS
WITH THE CLUBHOUSE AND LANDSCAPING IN THE FOREGROUND

Wide-ranging residential projects...

We have a number of residential options on offer in prime locations of Bangalore and Mysore. These span exclusive buildings with a few apartments...to large integrated enclaves with well over a thousand apartments. And we are expanding to other major cities of South India—Chennai, Chikmagalur, Hyderabad, Kochi and Mangalore.

We are pioneers of the integrated enclave concept in Bangalore. Our enclaves have been evolving: growing from our first five-acre enclave of ten years ago, to the 40-acre enclaves presently under construction, to the over 100-acre enclave we have planned for the near future. And they are growing in complexity too...from simple neighbourhoods to integrated, multi-use world-class developments.

Shown here are a few completed and on-going projects from our residential portfolio across Bangalore and Mysore.



EXTERIOR, BRIGADE POINT @ MYSORE



OFFICE INTERIOR @ BRIGADE SOUTH PARADE



3-STOREY HIGH ATRIUM,
NORTH STAR @ BRIGADE GATEWAY

ORION MALL @ BRIGADE GATEWAY WITH THE 30-STOREY NORTH STAR
AND SHERATON BANGALORE HOTEL IN THE BACKGROUND



An address that makes good business sense!

Brigade TechPark
Corporate Offices • IT/BPO Enterprises



INTERIORS @ BRIGADE TECHPARK

State-of-the-art
facilities



ROOFTOP SWIMMING POOL @ BRIGADE TECHPARK



EXTERIOR OF BRIGADE SQUARE



INTERIORS @
BRIGADE SOUTH PARADE



A range of commercial and retail facilities in prime locations...

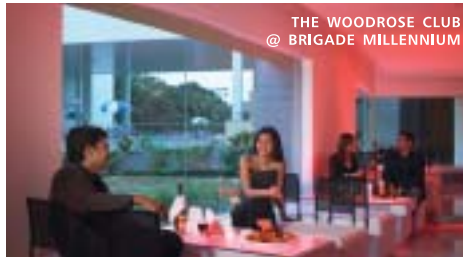
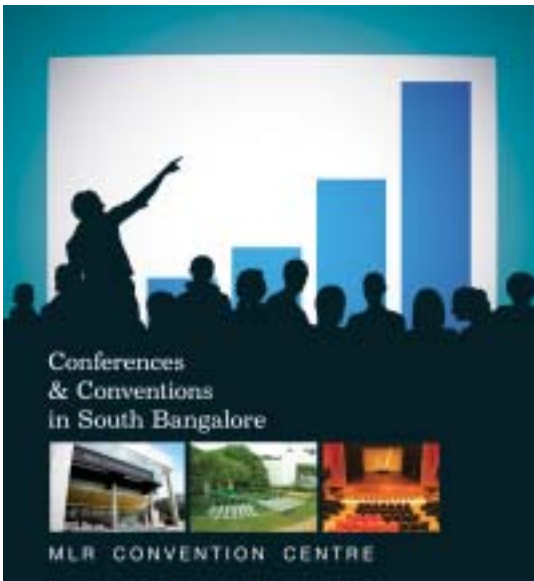
Over the years, we have constructed a range of benchmark setting commercial and retail facilities—designed for software development and business purposes.

We are in the process of creating two new office projects in Bangalore—the 30-storey North Star in Brigade Gateway and the twin towers of Summit in Brigade Metropolis. Both are built to international specifications and feature helipads, along with a host of other facilities.

Set in the Brigade Gateway enclave, Orion will probably be Bangalore's biggest lifestyle mall...with 1.1 million sft across five floors (including parking space) and an exciting mix of retail, F&B and entertainment outlets. Its multiplex will be managed by PVR cinemas and will have 11 screens and around 3,000 seats—making it probably the largest in the country.

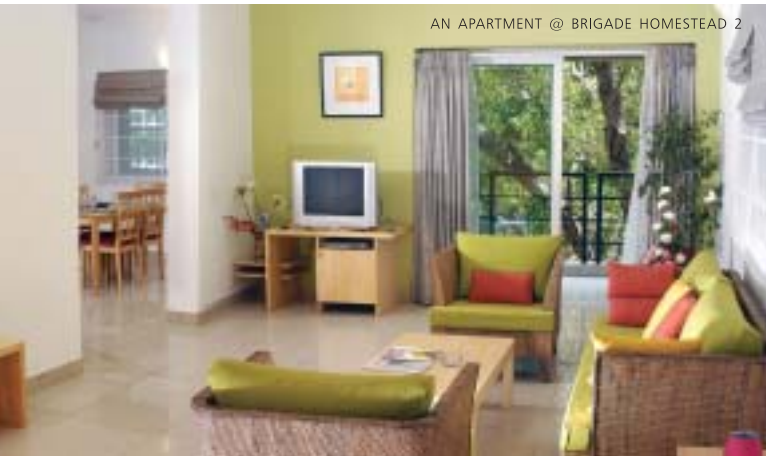
We propose to create another mall and multiplex in the Brigade Metropolis enclave.

Shown here are some of our state-of-the-art commercial and retail projects located in Bangalore and Mysore



Partnered by
leading international
hospitality brands.





From serviced residences to 5-star hotels...

Brigade pioneered the concept of serviced residences in Bangalore—with Brigade Homestead. Today, we have serviced residences in prime locations across Bangalore. Our upcoming Brigade Homestead 3 in Bangalore will be managed by Accor, the European leader in the hotel and tourism industry.

The designs for The Woodrose and MLR Convention Centre were selected through the design competitions we conducted. Both have won national awards for their design and interiors.

We have arrangements with major international players for our 5-star hotel projects. These include hotels under the brands Sheraton at Bangalore and Mysore and Holiday Inn at Bangalore, near the new international airport.

We also have two upcoming 5-star hill resort and spa projects in the Western Ghats, under the Banyan Tree and Angsana brands.



SWIMMING POOL @ THE WOODROSE CLUB



BOARDROOM, THE WOODROSE CLUB @ BRIGADE MILLENNIUM



SHERATON BANGALORE HOTEL @ BRIGADE GATEWAY



THE TERRACE GARDEN & OPEN-AIR STAGE, THE WOODROSE CLUB @ BRIGADE MILLENNIUM

Shown here are our various projects in the Hospitality domain, located in Bangalore and Chikmagalur—clubs, convention centre, serviced residences, star hotels, and hill resorts and spas.



A STORY-TELLING SESSION IN PROGRESS @ THE BRIGADE SCHOOL



DR KASTURIRANGAN
@ A SCHOOL FUNCTION



O nanna chetana,
aagu nee aniketana

THE BRIGADE SCHOOL



GRADUATION CEREMONY OF THE BRIGADE SCHOOL



ANNUAL DAY CELEBRATIONS OF THE BRIGADE SCHOOL



INAUGURATION OF YESHWANTAPUR POLICE STATION



24TH MAIN, BRIGADE MILLENNIUM ROAD



BRIGADE SCHOLARSHIP WINNERS: RV COLLEGE



YOUNG ACHIEVER AWARDS CEREMONY



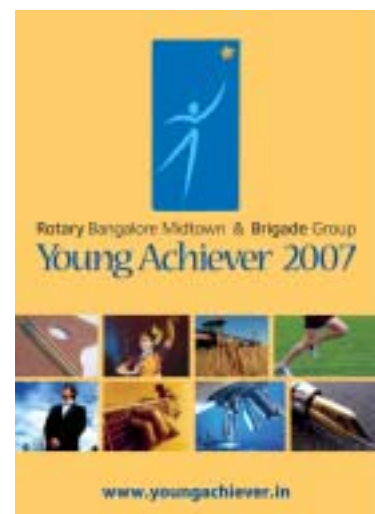
CHEMISTRY LAB @ THE BRIGADE SCHOOL



ANNUAL SPORTS DAY MARCH PAST
@ THE BRIGADE SCHOOL



INAUGURATION OF
BRIGADE MILLENNIUM ROAD



VIVEKANANDA STATUE
COMMISSIONED BY BRIGADE

A better quality of life ...through education and development

In keeping with our corporate philosophy of providing for a better quality of life, Brigade Group has extended its reach to education and community development.

Schools of excellence, through the Brigade Foundation

Set up in 2003, the Brigade Foundation is a not-for-profit trust. It focuses on the domain of education, at school, technical and professional levels. The Foundation set up its first school—located in the Brigade Millennium campus in J.P. Nagar, Bangalore—in 2004. The Brigade Foundation proposes to set up more schools in and near its upcoming enclaves. It also plans on establishing rural schools for the less privileged.

Responsible corporate citizenship

Brigade Group has also taken many corporate citizenship initiatives in Bangalore and Mysore. These include the development and construction of a road, now known as Brigade Millennium Road; installation of a statue of Swami Vivekananda at Ulsoor and the renovation of Yeshwanthapur police station. In 2006, Brigade Group instituted the annual *Young Achiever Award*, in association with Rotary Bangalore Midtown. The award identifies and recognises the achievements of promising young individuals in different spheres of endeavour.

A glimpse of some of our corporate citizenship initiatives and Foundation-related activities at The Brigade School.

Notice is hereby given that the Thirteenth Annual General Meeting of Brigade Enterprises Limited will be held at MLR Convention Centre, Brigade Millennium Campus, 7th Phase, J.P. Nagar, Bangalore 560 078, on Friday, 27th June 2008, at 4.00 p.m., to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet and Audited Profit & Loss Account for the Financial Year ended 31st March 2008 and the reports of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr M.R. Jaishankar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Ms Githa Shankar, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint Statutory Auditors of the Company for the period commencing from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dr Anumolu Ramakrishna who was appointed as an Additional Director under Section 260 of the Companies act, 1956 and who holds office up to the date of the ensuing Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Dr Anumolu Ramakrishna as a candidate for the Office of Director of the Company be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of the earlier resolution passed in this behalf and pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the

consent of the Company be and is hereby accorded to the Board of Directors, for creation of mortgage, charge, hypothecation, lien and other encumbrances, if any, by the Company, as the Board may deem fit, on the assets of the Company, both present and future, for securing the sum or sums of monies aggregating up to Rs 25,000 Million (Rupees twenty five thousand million only), borrowed by the Company from Banks, Financial Institutions and others."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalise and execute such Deeds of Debenture, Debenture Trust Deeds, Promissory Notes, Deposit Receipts and other deeds or documents for creating the aforesaid mortgage, charge and/ or hypothecation and other encumbrances, if any, by the Company and to do all such acts, deeds, matters and things as may be deemed necessary."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding 1% (one per cent) of the net profits computed under the provisions of Section 349 and 350 of the said act be paid (inclusive of the sitting fee payable) and distributed amongst such Directors of the Company (other than Managing Director and Wholetime Directors) in such amounts or such proportions and in such manner as may be directed by the Board of Directors. and such payment shall be made in respect of profits of the Company for a period of five Financial Years commencing from 1st April 2008."

"RESOLVED FURTHER THAT in case of inadequacy of profits or where there are no profits in any year, then Non-Executive directors shall be paid sitting fees only."

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any of the Companies Act, 1956 and subject to the necessary approvals, consents, permission, sanctions etc. as may

be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall include any Committee thereof) to vary, alter, modify or delete any of the details as the Board may deem fit in the best interests of the Company, of the objects in the Initial Public Offering of Equity Shares of the Company through 100% book building process contained in the prospectus dated 19th

December 2007 including change in deployment of funds, taking in to consideration the business prospects and funding requirements of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be considered necessary, proper, expedient or incidental for the purpose of giving effect to this resolution."

Registered Office:
135, Penthouse,
Brigade Towers, Brigade Road,
Bangalore 560 025

Place: Bangalore
Date: April 25, 2008

By Order of the Board
for **Brigade Enterprises Limited**

M.R. Jaishankar
Chairman and Managing Director

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto and forms part of the Notice.
4. The Register of Members and Share Transfer Books will be closed from Friday, 20th June 2008 to Friday 27th June 2008 (both days inclusive).
5. Members are requested to send all communications relating to Shares to our Share Transfer Agents at the following address:
Karvy Computershare Private Limited
Plot Nos 17 to 24, Vittalrao Nagar, Madhapur,
Hyderabad-500 081
Telephone No.: +91-40-2342 0815 to 24
Fax No.: +91-40-2342 0814
Email: svraju@karvy.com
6. Members are requested to send their queries in regard to the Accounts atleast 10 days in advance to the Registered Office of the Company.
7. Members/Proxies are requested to bring the attendance slips duly filled in and their copies of the Annual Report to the Meeting.

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6:

Dr Anumolu Ramakrishna was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 101 of the Articles of Association of the Company, by the Board of Directors with effect from 25th April, 2008 and accordingly he holds office up to the date of this Annual General Meeting. The Company has received a notice from a member along with a deposit of Rs 500/- proposing the candidature of Dr Anumolu Ramakrishna to the Office of Director pursuant to section 257 of the Companies Act, 1956. Approval of the shareholders is sought for his appointment as Director, liable to retire by rotation.

Dr Anumolu Ramakrishna holds a Bachelors degree in Civil Engineering and MSc in Structural Engineering. He has more than four decades of rich experience in the construction industry.

Dr Anumolu Ramakrishna is the Vice-Chairman of Construction Industry Development Council (CIDC) an autonomous institution established by Government of India - Planning Commission to bring together diverse players in construction sector to a common platform. He is also the Vice-Chairman of National Academy of Construction (NAC), established by the Government of Andhra Pradesh, for providing training to Workmen, Contractors and Engineers.

His specialised knowledge in structural engineering—precast and prestressed concrete and industrialised methods of construction—has been recognised by Andhra University by conferring upon him Honorary Degree of Doctorate of Science in 1997.

He is actively associated with many prestigious International and National bodies in the engineering field. He has won many prestigious awards for his outstanding contribution to engineering technology and to the society at large

The Board of Directors recommend this Resolution for your consideration and approval as an ordinary resolution.

None of the Directors, except Dr Anumolu Ramakrishna, are concerned or interested in the resolution.

Item No. 7:

The members of the Company in the Twelfth Annual General Meeting of the Company approved the borrowing limit under Section 293(1)(d) of the Companies Act, 1956 upto Rs 25,000 Million (Rupees twenty five thousand million). The Board of Directors, in their meeting held on 25th April 2008,

approved the increase in limits under Section 293(1)(a) of the Companies Act, 1956 to mortgage, hypothecate, lease or create any charge on the present or future properties / assets of the Company for securing the loans taken from banks/ financial institutions and others up to a limit of Rs 25,000 Million (Rupees twenty five thousand million) to ensure that the Company is in position to secure the additional loans/ credit facilities availed for completing expansion plans of the Company.

None of the Directors are concerned or interested in the said Resolution.

The Board of Directors recommend the passing of the ordinary Resolution by members.

Item No. 8:

Non-Executive Directors in the Company constitute more than 50% of the Board of the Company. These Directors have expertise in their respective fields and have been contributing to the growth of the Company through their valuable inputs and ideas. The Company is proposing to remunerate the Non-Executive Directors by payment of remuneration up to 1% of net profits (excluding sitting fees) for a period of 5 years from the Financial Year commencing from 1st April 2008.

Non-Executive Directors are concerned or interested in the said Resolution to the extent of the remuneration payable to them.

The Board of Directors recommend the passing of a Special Resolution by members.

Item No. 9:

The Company came out with an Initial Public Offering of the 16,624,720 Equity Shares at Rs 10 per Share at a premium of Rs 380 per Share aggregating to Rs 6,483.64 Million along-with a Green Shoe Option of 2,493,708 Equity Shares. Company had, in the prospectus dated 19th December 2007, specified utilisation of the issue proceeds which were for acquisition of: land—Rs 479.69 Million; construction—Rs 5,120.37 Million and general corporate purposes—Rs 1,084.01 Million.

The Company has been in the process of execution of its projects and the progress is satisfactory. In order to ensure optimum utilisation of funds in the best interests of the Company, it is proposed to vary, alter, modify etc. of the deployment of funds raised in the Initial Public Offering of the Company in December 2007.

Approval of the members is sought for the aforesaid purpose pursuant to the provisions of Section 61 of the Companies Act, 1956.

None of the Directors are concerned or interested in the said Resolution except to the extent of their shareholding, if any, in the Company.

The Board of Directors recommend the passing of the Ordinary Resolution by members.

Registered Office:
135, Penthouse,
Brigade Towers, Brigade Road,
Bangalore 560025

Place: Bangalore
Date: April 25, 2008

By Order of the Board
for **Brigade Enterprises Limited**

M.R. Jaishankar
Chairman and Managing Director

Details of the Directors seeking appointment/re-appointment at the 13th Annual General Meeting (pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Mr M.R. Jaishankar	Ms Githa Shankar	Dr Anumolu Ramakrishna
Date of Birth	22/04/1954	25/01/1954	20/12/1939
Age (in years)	54	54	69
Date of Appointment	08/11/1995	08/11/1995	25/04/2008
Qualification	Bachelors in Science and Masters in Business Administration	Bachelors in Arts, Bachelors in Library Science and a Masters in Business Administration	Bachelors in Civil Engineering and MSc in Structural Engineering
No. of Equity Shares held in the Company	22,856,547	9,326,625	NIL
Expertise in functional areas	He has over 20 years of rich experience in real estate industry	She has 30 years of experience in the fields of advertising, stock broking, insurance, education and real estate	He has more than four decades of rich experience in construction industry
Directorships held in other Companies	a. Brigade Hospitality Services Pvt. Ltd b. Tetrarch Holdings Pvt. Ltd c. Brigade Estates and Projects Pvt. Ltd d. Brigade Properties Pvt. Ltd e. Mysore Holdings Pvt. Ltd f. Brigade Infrastructure Pvt. Ltd	a. Brigade Hospitality Services Pvt. Ltd b. Tetrarch Equity Research and Analysis Pvt. Ltd c. Brigade Estates and Projects Pvt. Ltd d. Tetrarch Holdings Pvt. Ltd e. Brigade Properties Pvt. Ltd f. Mysore Holdings Pvt. Ltd g. Brigade Infrastructure Pvt. Ltd	a. Madras Cements Ltd b. Ramco Industries Ltd c. GVK Jaipur Expressway Pvt. Ltd d. KCP Ltd e. Andhra Sugars Ltd f. Taj GVK Hotels & Resorts Ltd g. SPEL Semiconductor Ltd h. GVK Industries Ltd i. GVK Power & Infrastructure Ltd j. Gautami Power Ltd k. Teesta Urja Ltd l. International Infrastructure Consultants Pvt. Ltd m. Mumbai International Airport Pvt. Ltd
Committee positions held in other Companies	NIL	NIL	He is a member of the Audit Committee of all the Companies in which he holds Directorships except for companies specified in l) & m) above.

Directors' Report

To

The Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report on business and operations of the Company together with the Audited Statement of Accounts for the financial year ended 31st March 2008.

Financial Highlights:

Rupees in Millions

Particulars	2007-08	2006-07
Net Sales and Other income	4,953.81	4,077.65
Profit before Interest, Depreciation and Tax	1,495.30	1,171.70
Interest & other Finance charges	35.71	16.02
Depreciation	85.54	87.24
Profit before Tax	1,374.05	1,068.44
Provision for Taxation: Current	(341.61)	(350.64)
Deferred	(1.60)	12.37
Net Profit after Tax	1,030.84	730.17
Add: Prior year (Expenses) / Income	(1.25)	19.82
Less: Diminution in Value of investment	-	(2.58)
Profit available for appropriation	1,029.59	747.41
Appropriations:		
Dividend (Includes Tax on Dividend)	262.65	61.37
Transfer to General Reserve	77.30	74.80
Balance carried to Balance Sheet	689.64	611.24
* Earnings per Share	10.40	7.93

* Basic Earnings per Share is computed by dividing Net Income by the weighted average number of common stock outstanding during the period.

Dividend:

The Board of Directors of the Company has recommended a Dividend of Rs 2/- (Rupees two only) (20%) per Equity Share. The Dividend will be declared in the ensuing Annual General Meeting based on approval by the Shareholders. The total payment on account of Dividend (including Dividend Tax) shall be Rs 262.65 Million. A sum of Rs. 77.30 Million has been transferred to General Reserve.

Operational Review & Future:

During the year the Company has completed a good mix of residential, commercial and hospitality projects. Brigade Gateway at Malleswaram in Bangalore and Brigade Metropolis at Whitefield in Bangalore are part of integrated lifestyle enclaves developed by the Company. The Ministry of Commerce, Government of India, New Delhi, have approved the Company's Special Economic Zone (SEZ) project focusing on Information Technology to come up on a 25-acre plot in Ganjimutt, Mangalore. Apart from these, the Company has signed up agreements for development of hospitality projects. The revenues from these projects will significantly bolster the financials of the Company.

Our pioneering efforts in integrated developments have been well received by our clients and in line with our philosophy of providing a better quality of life. The Company intends to use its expertise in developing such projects at a larger scale in the near future.

Whilst focusing on such integrated developments, the Company adopts a diverse mix of projects, including stand-alone residential development, commercial projects, SEZs and increasing its presence in the Hospitality sector.

The Company entered into an agreement with Starwood Hotels for the management of a proposed Sheraton Hotel in Mysore.

The Company alongwith / through its subsidiary, Brigade Hospitality Services Private Limited, has entered into: (i) a Memorandum of Understanding with AAPC Hotels Management Pte Limited, a member of the Accor Asia Pacific Group, for management of the Mercure Homestead Residences at Koramangala, Bangalore (ii) Hotel Management Agreement with InterContinental Hotels Pvt. Ltd for the management of the proposed Holiday Inn Hotel at Devanahalli, Bangalore. The Company believes that Bangalore & South Indian markets are quite vibrant and provide a conducive environment for hospitality projects including the Serviced Residences.

The Company is carefully monitoring the market situation and the land prices, which has increased over the last few years. In the wake of the above, the Company is following a cautious but optimistic approach to increasing its land bank and its presence in different geographical locations.

Conversion into a Public Limited Company:

The Company was converted into a Public Limited Company in the Twelfth Annual General Meeting held on 20th June 2007. The fresh certificate of incorporation consequent upon change of name of the Company on conversion into a Public Limited Company was issued by the Registrar of Companies, Karnataka on 20th July 2007.

Changes in Capital Structure:

During the year, the following changes happened in the Share capital of the Company:

- a. Bonus issue of 67,290,525 (sixty seven million two hundred ninety thousand five hundred twenty five only) Equity Shares of the Company in the ratio of 5:2 was allotted on 20th June 2007.
- b. The Authorised Share Capital of the company was increased from Rs 300,000,000/- (Rupees three hundred million only) divided into 30,000,000 (thirty million only) Equity Shares of Rs 10/- (Rupees ten only) each to Rs 1,500,000,000/- (Rupees one thousand five hundred million only) divided into 150,000,000 (one hundred fifty million only) Equity Shares of Rs 10/- (Rupees ten only) each on 20th June 2007.
- c. Public issue of 16,624,720 (sixteen million six hundred twenty four thousand seven hundred twenty only) Equity Shares and Green Shoe Option of 1,420,485 (one million four hundred twenty thousand four hundred eighty five only) Equity Shares of Rs 10/- (Rupees ten only) each allotted on 24th December 2007 & 31st January 2008 respectively, at a premium of Rs 380/- (Rupees three hundred eighty only) per Equity Share.

The paid-up Equity Share capital of the Company has increased from Rs 269,162,100/- (Rupees two hundred sixty nine million one hundred sixty two thousand one hundred only) to Rs 1,122,519,400/- (Rupees one billion one hundred twenty two million five hundred nineteen thousand four hundred only) due to the aforesaid allotment of Shares.

Initial Public Offering (IPO):

The financial year 2007-08 is an important landmark in the history of the Company. Your Company came out with an Initial Public Offering (IPO) during the said financial year. Proceeds from IPO are intended to fund the expansion plans of the Company.

The issue was done through a Book Building process of 19,118,428 (Nineteen million one hundred eighteen thousand four hundred twenty eight only) equity shares of Rs 10/- (Rupees Ten only) each at a premium of Rs 380/- (Rupees Three Hundred eighty only) per Equity Share including the Green Shoe Option of 2,493,708 (Two million four hundred ninety three thousand seven hundred and eight only) offered by Ms Githa Shankar, one of the promoters of the Company.

This issue was opened for subscription from 10th December 2007 to 13th December 2007. The issue was oversubscribed 10.82 times.

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited & Bombay Stock Exchange Limited with effect from 31st December 2007.

Utilisation of IPO Proceeds:

The funds raised in the Initial Public Offering and the utilization status as on 31st March 2008 is as follows:

Rupees in Millions

Particulars	Amount specified in prospectus	Actual Utilisation
A) Funds raised*	7,037.63	7,037.63
B) Utilisation :		
i. Land	479.69	1,198.77
ii. Construction	5,120.37	48.85
iii. General Corporate purposes	1,084.01	1,386.26
iv. Issue expenses	353.56	367.04
C) Unutilised amount invested in Mutual Funds	NIL	4,036.71

* Post the stabilisation period on the Company exercising the Green Shoe Option.

Subsidiaries:

Brigade Hospitality Services Private Limited (BHSPL), a company incorporated on 1st June 2004 as a 100% Subsidiary of the Company and is carrying on the business of running and managing clubs, serviced residences, and convention centres. During the financial year 2007-08, BHSPL has registered income from operations amounting to Rs 141.21 Millions. Loss incurred during the period amounts to Rs 14.42 Millions.

Brigade Estates and Projects Private Limited, Tetrarch Holdings Private Limited & Brigade Properties Private Limited are wholly owned Subsidiaries of the Company with main business in the field of real estate development. These Companies are in the process of being fully operational.

Consolidated Financial Statements:

The Consolidated Financial Statements have been prepared by the Company pursuant to Clause 32 of the Listing Agreement entered with the Stock Exchanges. The Consolidated Financial Statement and Auditors' Report thereon forms part of the Annual Report.

Fixed Deposits:

The Company has neither accepted nor renewed any fixed deposits during the year, except for repayment of deposits accepted by the Company in the earlier financial years when the Company was a Private Limited Company.

Directors' Report

Management Discussion & Analysis Report:

The Management Discussion and Analysis is annexed to this report.

Directors

Mr M.R. Jaishankar and Ms Githa Shankar retire by rotation and being eligible, offer themselves for re-appointment.

Dr Anumolu Ramakrishna was appointed as Additional director of the Company with effect from 25th April 2008. He holds office till the date of the ensuing Annual General Meeting of the Company. The Company has received requisite notice together with deposit, as provided under section 257 of the Companies Act, 1956, from a shareholder proposing the appointment of Dr Anumolu Ramakrishna as a Director, liable to retire by rotation.

None of the Directors of the Company are disqualified under Section 274(1)(g) of the Companies Act, 1956.

Auditors

M/s Narayanan, Patil & Ramesh, Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting of the Company and being eligible for re-appointment, have offered themselves for re-appointment.

M/s Narayanan, Patil & Ramesh, Chartered Accountants have confirmed that the appointment, if made, will be in accordance with the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Auditors' qualification on Accounts

Auditors' Qualification

The Company has accepted deposits from certain Parties (repaid with applicable interest before 31st March 2008) and in respect of these deposits the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder have not been complied with by the Company insofar as it pertains to filing of forms, Advertisement and Returns to Registrar of Companies.

Directors' Response

State Bank of India, Industrial Finance Branch (SBI, IFB) had stipulated on the Company to increase its equity base or inject additional funds via subordinated unsecured loans from Shareholders and / or their relatives as part of the project term loan sanctioned for developing the Sheraton Hotel and Orion Mall at Brigade Gateway. Consequently, the Company had availed short-term loans from shareholders and / or their relatives.

Following the conversion of Brigade Enterprises Pvt. Ltd

to a Public Limited Company and successful completion of IPO (which led to an increase in equity base—an adherence to SBI, IFB covenant), the Company repaid the unsecured loans. It was the Company's intention not to accept public deposits in any manner whatsoever.

Directors' Responsibility Statement:

As per the provisions of Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the accounts on a going concern basis.

Report on Corporate Governance

A detailed report on Corporate Governance has been included as an attachment to this Report.

Particulars of Employees:

The details of employees drawing a remuneration aggregating Rs 2,400,000/- (two million four hundred thousand only) or more per year / Rs 200,000/- (two hundred thousand only) or more per month where employed for a part of the year pursuant to Section 217(2A) of the Companies Act, 1956 is contained In Annexure "A" to this report.

Conservation of energy, technology absorption, Foreign Exchange earnings and outgo:

The Company doesn't have any manufacturing facility due to which the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, and technology absorption are not applicable to the Company.

However, the Company is committed to energy conservation at every stage of its operations. Various steps

have been taken to reduce consumption of electrical energy by monitoring the use of equipments, machinery etc. used in construction.

The Company is in tune with the changing trends of the modern technology / machinery to be used in its business.

The details of Foreign Exchange inflow and outflow during the year are as follows:

Rupees in Millions		
Particulars	2007-08	2006-07
Inflow:		
Advance for Sale of Units, Lease deposits & Rentals	176.20	163.29
Outflow:		
i. Professional charges	16.12	14.78
ii. Consultation Fees	0.34	1.79
iii. Others (which includes IPO expenses, Rent Deposits and Other expenses)	44.47	29.81

CIF Value of imports during the year ended March 31 2008 is Rs 25.02 Millions.

Acknowledgements:

The Board acknowledges and appreciates the co-operation and assistance given by Governmental and Non-governmental agencies, Bankers and other agencies during the year.

The Board sincerely appreciates the confidence reposed by the Shareholders in the Company.

The Board also thanks the Investment Bankers, Bankers to the Issue, Legal Counsel, Registrars and Rating Agency for the successful completion of the IPO.

The Board appreciates the hard work, dedication & efforts of all staff (Brigadiers) for achieving significant business growth in the most challenging environment.

For and on behalf of the Board
for **Brigade Enterprises Limited**

M.R. Jaishankar
Chairman and Managing Director

Place: Bangalore
Date: April 25, 2008

Annexure "A"

Information as per section 217(2a) of the Companies Act, 1956, read with Companies (particulars of employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2008.

Sl No.	Name of the Employee	Designation	Qualification	Age (Years)	Joining Date	Experience (Years)	Gross Remuneration (Rs.) Annual	Last Employment	Last Designation
1	Jaishankar M.R.	Chairman and Managing Director	BSc, MBA	54	8-Nov-95	34	4,800,000	Brigade Investments	Entrepreneur
2	Githa Shankar	Wholetime Director	BA, MBA	54	8-Nov-95	29	4,800,000	Member of Bangalore Stock Exchange	N.A.
3	Anil Kumar A.	V.P. (Strategic Alliances & Business Development) and Company Secretary	BCom, ACA, Grad. CWA, ACS	40	7-Mar-05	20.1	2,520,859	Al Yousef Group at Muscat, Oman	Finance & Investments Manager
4	Indira Sharma	Vice President—Marketing	BBM, MBA	47	1-Jul-88	25.9	2,479,759	Freelance Market Researcher	N.A.
5	Roshin Mathew	Chief Operating Officer—Projects	BTech, MBEM	45	8-Jul-05	20.9	2,600,017	Kap Group of Companies	Vice President

Management Discussion and Analysis Report

Industry Structure and Developments

India's GDP grew by 9.2% in the fiscal year 2007 as compared to 7.5%, 8.1%, 8.4% in the fiscal years 2004, 2005 and 2006 respectively. This strong growth in the Indian economy is, among others, due to vibrant growth of the Information Technology (IT) and Information Technology Enabled Services (ITES) sectors. These sectors benefit from the growing international trend towards off-shoring and the resultant demand for skilled and low-cost English-speaking workers. Indian competitiveness in this area is aided by substantial investment in telecommunications, infrastructure and the phased liberalisation of the communications sector.

Real Estate Sector in India

Historically, the real estate sector in India was unorganised and characterised by various factors that impeded organised dealing. In recent years however, the real estate sector in India has exhibited a trend towards greater organisation and transparency, aided by various regulatory reforms.

These trends have been reinforced by the substantial recent growth in the Indian economy, which has stimulated demand for land and developed real estate across our business lines. Demand for residential, commercial and retail real estate is rising throughout India, accompanied by increased demand for hotel accommodation and improved infrastructure. In addition, tax and other benefits applicable to Special Economic Zones are expected to result in a new source of demand.

Opportunities

The real estate sector in India is assuming growing importance with the liberalisation of economy. Real estate sector is driven by the following factors like more housing units in cities and towns because of faster growth in urban households due to nuclearisation, demand for office space, demand for shopping malls due to growing retail segment, Setting of Special Economic Zones in various sectors etc.

The Company has been a niche player in the market mainly due to the following:

- Innovative projects in the Bangalore region
- End-to-end competencies
- An established brand name and reputation for quality
- Significant portfolio of global clientele

Risks & Threats

Risks are an integral part of any business. The level and types of risks depends / varies from company to company, based on its growth strategy, expansion plans, type of industry and host of various other factors. Some of the prominent risks faced by the Company are as follows:

- Government Regulations
- Performance of, and the conditions affecting, the real estate market in Bangalore.
- Difficulties in expanding business in India
- Human Resources
- Financial Resources
- Natural Calamities

We ensure that sufficient risk mitigation measures are taken on a continual basis to overcome / reduce the impact of these risks.

Performance & Outlook

During the year, the Company has completed residential, commercial & hospitality projects. The Company's standards of innovation, quality & trust have been established and constantly upgraded. These are clearly reflected in the projects completed by the Company. Two Integrated Lifestyle Enclaves were developed by the Company during the year which got a good response from the clients. The Company proposes to do integrated developments on a large scale in the future.

The demand for serviced apartments in South India, especially Bangalore, is high due to the presence of multi-national corporations. We are a niche player in the hospitality sector including serviced residences and would be exploring these opportunities on a large scale in the future.

We are optimistic about delivering superior results in future, based on our experience, land bank and project execution skills.

Strategy

We intend to develop a range of properties in a number of cities in India to meet a diversified business model and to provide for increasing customer demands. The following are the key elements of our business strategy:

- Leveraging our expertise in the development of integrated lifestyle enclaves
- Focus on hospitality and related ventures
- Expansion into various cities in South India
- Maintain quality standards for residential and commercial development

- Outsourcing selectively to increase scale of operations and reduce capital investments
- Continued focus on properties in a diverse range of price segments

Internal Control Systems and their adequacy

The Company believes in formulating adequate and effective internal control system. This provides for utilising resources to the optimum level, safeguarding of assets, transactions are authorised, recorded and reported correctly, protection against loss of unauthorised use and disposition of assets. We believe that the internal control systems provide, among other things, a reasonable assurance that the transactions are executed with management authorisation and they are recorded in all material respects to permit preparation of Financial Statements in conformity with established Accounting Principles.

The Internal control systems are supplemented by an extensive programme of internal audits and reviews by management. The top management, Audit Committee and statutory auditors of the Company are periodically apprised of the activities and internal audit findings.

Financial Performance

Turnover: The Company's turnover has increased from Rs 4,019.59 Millions to Rs 4,941.53 Millions, an increase of 18.66 % over the previous year.

Net Profit: Net Profit of the Company for the year 2006-07 stood at Rs 1,029.59 Millions as compared to Rs 747.41 Millions in the previous year, an increase of 27.40% over the previous year.

Dividend:

The Company has proposed the dividend of 20% for the current year amounting to Rs 262.65 Millions (including corporate dividend tax).

Earnings per Share (EPS): The Company's Earnings per Share (EPS) during the current year is Rs 10.40 (Rs 7.93 in the preceding year) registering a growth of 23.75%. The Company, during the year, has expanded its equity base from Rs 269.16 Millions to Rs 1,122.52 Millions.

Material developments in Human Resources

Human Resource is very vital for the growth and progress of any company. At the Company, Human Resource is regarded as the most valuable asset. The passion at work enables our employees to realise their full potential and contribute to the maximum extent for attainment of short-term as well as long-term objectives of the Company.

The work force of the Company as on 31st March 2008 was 328 as compared to 274 for the year ended on 31st March 2007, a growth rate of 16.46% as compared to the previous year. The Company has been conducting training programmes and workshops to employees on a continuous basis for improving the efficiency and performance levels of the employees and updation on new technologies / techniques from time to time.

Cautionary Statement

Statement in the Management Discussion and Analysis Report detailing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities, laws and regulations. These statements being based on certain assumptions and expectation of future events, actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting domestic demand-supply conditions, finished goods prices, changes in government regulations and tax regime etc. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of subsequent developments, information or events.

Corporate Governance Report

Philosophy on Corporate Governance at Brigade Enterprises Limited

The Philosophy on Corporate Governance at Brigade Enterprises Limited is to ensure observance of highest standards & levels of transparency, accuracy, accountability and reliability on the organisation. To ensure protection of wealth and other resources of the Company for maximising the benefits to the stakeholders of the Company.

The Corporate Governance Report of the Company for the year ended 31st March 2008 is as follows:

Board of Directors

Board of Directors of the Company comprises of 8 Directors. The composition and category of Directors are as follows:

Category	Name of Director	Designation	No. of Directors	% to total number of Directors
Executive Promoter Directors	Mr M.R. Jaishankar	Chairman & Managing Director	2	25
	Ms Githa Shankar	Wholetime Director		
Non-Executive Directors	Mr M.R. Gurumurthy Mr M.R. Shivram	Director Director	2	25
Independent Non-Executive Directors	Mr P.V. Maiya Mr P.M. Thampi Dr T.N. Subba Rao Dr K. Kasturirangan	Director Director Director Director	4	50
	Total		8	100

Board Meetings

A total of 8 meetings were held in the financial year 2007-08. Meetings were held on 2nd April 2007, 14th May 2007, 20th June 2007, 20th July 2007, 19th September 2007, 29th November 2007, 18th December 2007 and 22nd January 2008.

The attendance of the Directors in Board Meetings, previous Annual General Meeting, Directorships and committee positions held by them in other Companies are as follows:

Name of Director	Board Meetings attended in the financial year 2007-08	Attendance in the 12th Annual General Meeting held on 20th June 2007	No. of Directorships in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies as:	
				Chairman	Member
Mr M.R. Jaishankar	8	YES	NIL	NIL	NIL
Ms Githa Shankar	8	YES	NIL	NIL	NIL
Mr M.R. Gurumurthy	8	YES	NIL	NIL	NIL
Mr M.R. Shivram	8	YES	NIL	NIL	NIL
Mr P.V. Maiya	8	YES	2	NIL	1
Mr P.M. Thampi	8	YES	6	NIL	3
Dr T.N. Subba Rao	8	YES	NIL	NIL	NIL
Dr K. Kasturirangan.	8	YES	NIL	NIL	NIL

Code of Conduct for Board Members and Senior Management

The Board of Directors of the Company have laid down a code of conduct for all Board Members and Senior Management of the Company. Board Members and Senior Management of the Company have affirmed compliance to the Code for the financial year ended 31st March 2008. A declaration to this effect by the Chairman & Managing Director of the Company is annexed to this report. The Code of Conduct has also been posted on the website of the Company.

Audit Committee

The Audit Committee of the Company was constituted on 20th July 2007. The Constitution of the Committee is in accordance with Section 292A of the Companies Act, 1956 and Clause 49 (II)(A) of the Listing Agreement entered with the Stock Exchanges.

The terms of reference of the Audit Committee shall include:

1. Overseeing the Company's financial reporting process and disclosure of its financial information.
2. Recommending to the Board the appointment, re-appointment, and replacement of the Statutory Auditor and the fixation of audit fee.
3. Approval of payments to the Atatutory Auditors for any other services rendered by them.
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, 1956
 - 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 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, half-yearly and annual Financial Statements before submission to the Board for approval.
 6. Reviewing, with the Management, the performance of Statutory and Internal Auditors, and 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 on 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. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 12. Reviewing the functioning of the whistle blower mechanism, in case the same is existing.
 13. Review of Management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters / letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the Chief Internal Auditor.
 14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The powers of the Audit Committee shall include the power:

1. To investigate activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Composition and attendance of the members for the Committee are as follows:

Sl No.	Name	Designation
1.	Mr P.V. Maiya	Chairman
2.	Mr P.M. Thampi	Member
3.	Mr M.R. Gurumurthy	Member
4.	Mr A. Anil Kumar	Secretary

In the financial year 2007-08, one Audit Committee Meeting was held on 22nd January 2008 which was attended by all the Members.

Compensation Committee

Board of Directors of the Company had constituted a Compensation Committee on 20th July 2007.

The terms of reference of the Compensation Committee are as follows:

1. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - a. The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
 - b. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
2. Determine on behalf of the Board and the shareholders the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment.
3. Perform such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("ESOP Guidelines"), in particular, those stated in Clause 5 of the ESOP Guidelines.
4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Corporate Governance Report

The composition of the Compensation Committee is as follows:

Sl No.	Name	Designation
1.	Mr P.V. Maiya	Chairman
2.	Mr P.M. Thampi	Member
3.	Mr M.R. Gurumurthy	Member
4.	Mr A. Anil Kumar	Secretary

There was no Compensation Committee Meeting held in the financial year 2007-08.

The details of remuneration paid / payable to the Directors for the year ended on 31st March 2008 are as follows:

Name of the Director	Salary & Perquisites (Rs)	Sitting Fees (Rs)	Commission (Rs)	Total (Rs)
Mr M.R. Jaishankar	48,00,000	NIL	7,09,50,523	7,57,50,523
Ms Githa Shankar	48,00,000	NIL	7,09,50,523	7,57,50,523
Mr M.R. Gurumurthy	NIL	90,000	NIL	90,000
Mr M.R. Shivram	NIL	80,000	NIL	80,000
Mr P.V. Maiya	NIL	90,000	NIL	90,000
Mr P.M. Thampi	NIL	90,000	NIL	90,000
Dr T.N. Subba Rao	NIL	80,000	NIL	80,000
Dr K. Kasturirangan	NIL	80,000	NIL	80,000

Investor Grievance Committee

The Investor Grievance Committee was constituted by the Board on 20th July 2007.

The terms of reference of the Investor Grievance Committee are as follows:

- Investor relations and redressal of shareholders' grievances in general and relating to non-receipt of dividends, interest, non-receipt of Balance Sheet etc.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The composition of the Committee is as follows:

Sl No.	Name	Designation
1.	Dr K. Kasturirangan	Chairman
2.	Mr P.V. Maiya	Member
3.	Mr M.R. Shivram	Member
4.	Mr A. Anil Kumar	Secretary

A total of 2983 complaints were received during the year

ended 31st March 2008 out of which 2966 complaints were duly resolved. A total of 17 complaints were pending redressal as on 31st March 2008.

There was no Investor Grievance Committee Meeting held in the financial year 2007-08.

IPO Committee:

The Board of Directors constituted a special committee of the Board a titled "IPO Committee" on 20th July 2007.

The terms of reference of the IPO Committee are as follows:

- To decide on the timing, pricing and all the terms and conditions of the issue of the Shares for the Public Issue, including the price, and to accept any amendments, modifications, variations or alterations thereto;
- To appoint and enter into arrangements with the Book Running Lead Managers (BRLMs), underwriters to the Public Issue, syndicate members to the Public Issue, brokers to the Public Issue, escrow collection bankers to the Public Issue, registrars, legal advisors and any other agencies or persons or intermediaries to the Public Issue and to negotiate and finalise the terms of their appointment, including but not limited to, execution of the BRLMs' mandate letter, negotiation, finalisation and execution of the memorandum of understanding with the BRLMs etc.;
- To finalise and settle and to execute and deliver or arrange the delivery of the Draft Red Herring Prospectus, the Red Herring Prospectus, the final prospectus, syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Public Issue;
- To open with the bankers to the Public Issue such accounts as are required by the regulations issued by SEBI;
- To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;
- To do all such acts, deeds and things as may be required to dematerialise the Equity Shares of the Company and to sign agreements and / or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited

and such other agencies, authorities or bodies as may be required in this connection;

- g. To make applications in one or more stock exchange(s) for listing of the Equity Shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s); and
- h. To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit.

The composition of the Committee is as follows:

Sl No.	Name	Designation
1.	Mr M.R. Jaishankar	Chairman
2.	Mr P.V. Maiya	Member
3.	Mr M.R. Shivram	Member
4.	Mr P.M. Thampi	Member
5.	Mr A. Anil Kumar	Secretary

A total of 5 Committee Meetings were held in the financial year 2007-08. Meetings were held on 20th July 2007, 10th September 2007, 29th November 2007, 24th December 2007 and 31st January 2008. All the members were present for the aforesaid meetings.

Share Transfer Committee

The Boars of the Directors of the Company constituted a Share Transfer Committee on 18th December 2007. The Committee shall approve transfer, transmission, split, consolidation & re-materialisation of shares & issue of duplicate share certificates.

The composition of the Share Transfer Committee is as follows:

Sl No.	Name	Designation
1.	Mr M.R. Jaishankar	Chairman
2.	Ms Githa Shankar	Member
3.	Mr M.R. Shivram	Member
4.	Mr A. Anil Kumar	Secretary

Subsidiary Companies

The Company does not have a material non-listed Subsidiary Company whose turnover or net worth exceeds 20% of the consolidated turnover or networth of Brigade Enterprises Limited.

The Financial Statements including the investments made by

the unlisted Subsidiary Companies have been reviewed by the Audit Committee of the Company.

Copies of minutes of the Board Meetings of the Subsidiary Companies are placed before the Board for their attention.

General Meetings

The details of the Annual General Meetings held during the last three years are as follows:

Year	No. of AGM	Day, Date and Time of AGM	Venue
2006-07	12	Wednesday, 20th June 2007 at 10.00 a.m.	135, Penthouse, Brigade Towers, Brigade Road, Bangalore-025
2005-06	11	Saturday, 30th Sept 2006 at 2.00 p.m.	135, Penthouse, Brigade Towers, Brigade Road, Bangalore-025
2004-05	10	Friday, 30th Dec 2005 at 10.30 a.m.	135, Penthouse, Brigade Towers, Brigade Road, Bangalore-025

Special Resolutions passed in the previous three Annual General Meetings are as follows:

AGM	AGM date	Special Resolutions passed through show of hands
12	20th June 2007	a. Conversion of Company into a Public Limited Company b. Increasing the borrowing powers of the Company upto Rs 25,000 Million

Extraordinary General Meeting

An Extraordinary General Meeting of the Company was held on 17th August 2007 and the following Special Resolutions were passed:

1. Resolution under Section 81(1A) of the Companies Act, 1956 for Employees Stock Option Plan (ESOP)
2. Resolution under Section 81(1A) of the Companies Act, 1956 for Initial Public Offering (IPO)

There were no Resolutions passed through postal ballot during the year.

Disclosures

1. There are no materially significant related party transactions entered by the Company with related parties that may have a potential conflict with the interests of the Company.
2. The Company has duly complied with the requirements of the regulatory authorities on capital market. There are no penalties imposed nor any strictures have been

Corporate Governance Report

passed against during the last three years.

3. The mandatory requirements laid down in Clause 49 of the Listing Agreement has been duly complied by the Company and the adoption of non-mandatory requirements is as follows:
 - i. The Company has not fixed a period of 9 years as tenure for Independent Directors on the Board of the Company.
 - ii. The Board of Directors of the Company have constituted a Compensation Committee on 20th July 2007. The terms of reference to the Committee is contained elsewhere in this report.
 - iii. The Company does not send half-yearly financial results, including summary of significant events in the last six months, as the same are published in newspapers and also posted on the website of the Company.
 - iv. The Board of Directors of the Company comprises a perfect combination of Executive and Non-Executive Directors who are professionals in their respective fields.
 - v. At present, the Company does not have a mechanism for evaluating the performance of Non-Executive Directors by a peer group.
 - vi. The Company has not adopted Whistle Blower Policy. However the Company has not denied access to any employee to approach the management on any issue.

Means of Communication:

Financial Results:

The Results of the Company are furnished to the Stock Exchanges on a periodic basis (quarterly, half yearly and annually) after the approval of the Board of Directors

The results are normally published in "Economic Times"—English Daily and "Times of India"—Kannada Newspaper within 48 hours after the approval by the Board.

The details of the financial results and shareholding pattern are hosted on the Company's website: www.brigadegroup.com. All other official news and press releases are displayed on the same website.

Information to Shareholders of 13th Annual General Meeting

1. Date: Friday, June 27 2008
2. Time: 4.00 p.m.
3. Venue: MLR Convention Centre, Brigade Millennium Campus, 7th Phase, J.P. Nagar, Bangalore-560 078
4. Financial Year: 1st April to 31st March
5. Date of Book Closure: Friday, June 20 2008 to Friday, June 27 2008 (both days inclusive).
6. Dividend: The Board of Directors have recommended a dividend of 20% of the paid-up Equity Capital of the Company. Dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear in the Register of Members as on Friday, June 20 2008.
7. Registered office: 135, Penthouse, Brigade Towers, Brigade Road, Bangalore-560 025.
8. Listing in Stock Exchanges: The Equity Shares of the Company are listed in the following Stock Exchanges:
National Stock Exchange of India Limited
Bombay Stock Exchange Limited
9. Stock Code: Bombay Stock Exchange Limited-532 929
National Stock Exchange of India Limited-BRIGADE, series-EQ BE
10. Listing Fees: Listing Fees as prescribed has been paid fully to all the Stock Exchanges where the shares of the Company are listed.

11. Stock Performance

The performance of the stock in the Bombay Stock Exchange Limited & National Stock Exchange of India Limited for the period from 31st December 2007 (date of listing on the Stock Exchanges) to 31st March 2008 was as follows:

Month	National Stock Exchange of India Limited (NSE)			Bombay Stock Exchange Limited (BSE)		
	High	Low	Volume	High	Low	Volume
December	489.90	355.15	6688161	409.40	365.80	4791618
January	428.00	170.00	12148514	428.00	185.00	7593555
February	329.00	248.00	1599973	327.00	250.00	1058206
March	250.90	151.00	2172944	250.90	151.00	1540321

12. Dematerialisation of Shares

The ISIN for the Equity Shares of the Company is INE791101019. A total of 24707075 Equity Shares aggregating to 22.01% of the total shares of the Company are in dematerialised form as on 31st March 2008.

13. Share Transfer Agents:

Karvy Computershare Private Limited,
Plot Nos 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad 500 081
Telephone No.: 040-23420815 to 24
Fax No.: 040-23420814
E-mail: svraju@karvy.com

14. Distribution of Shareholding as on 31st March 2008

Category (Amount)	No. of Shareholders	%	Amount (Rs)	%
1-5000	124149	99.33	5,64,15,030	5.03
501-10000	413	0.33	30,23,750	0.27
10001-20000	176	0.14	25,03,840	0.22
20001-30000	52	0.04	13,63,680	0.12
30001-40000	32	0.03	11,09,000	0.10
40001-50000	23	0.02	10,46,490	0.09
50001-100000	40	0.03	28,90,840	0.26
Above 100000	101	0.08	1,05,41,66,770	93.91
Total	124986	100.00	1,12,25,19,400	100.00

15. Categories of Shareholders as on 31st March 2008

Category	No. of Shares	% to Total Shares
Promoters & their Relatives	6,18,57,799	57.33
Mutual Funds	8,22,877	0.73
Banks, Financial Institutions	12,67,900	1.13
Foreign Institutional Investors	68,69,273	6.12
Non-Resident Indians	49,984	0.04
Indian Companies	20,21,084	1.80
Indian Public	3,63,45,379	32.38
Trusts	85,367	0.08
Clearing Members	4,38,569	0.39
Total	11,22,51,940	100.00

16. Financials Release Dates for 2008-09

Quarter	Release Date (tentative & subject to change)
1st Quarter ending 30th June 2008	Fourth week of July 2008
2nd Quarter ending 30th September 2008	Fourth week of October 2008
3rd Quarter ending 31st December 2008	Fourth week of January 2009
4th Quarter ending 31st March 2009	Fourth week of April 2009

17. Internet access: www.brigadegroup.com

The website of the Company contains all relevant information about the Company. The Annual Reports, Shareholding pattern, unaudited quarterly results and all other material information are hosted in this site.

18. E-mail Id for Investor Grievances:

Company has a dedicated e-mail id (investors@brigadegroup.com) for redressal of grievances of investors. Investors are requested to use this facility.

Auditors' Report on Corporate Governance

To
The Shareholders of
Brigade Enterprises Limited,

We have examined the compliance of conditions of Corporate Governance by Brigade Enterprises Limited for the year ended on March 31 2008 as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the provisions relating to Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given us, we certify that the Company has complied in all material aspects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month except where disputed or sub-judice, as per the records maintained by Company's registrar and transfer agents and reviewed by the Board / Committee of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for Narayanan, Patil and Ramesh
Chartered Accountants

L.R. Narayanan
Partner
Membership No: 200/25588

Place: Bangalore
Date: April 25, 2008

Declaration on compliance of Code of Conduct of Board of Directors & Senior Management

I hereby confirm that:

Board members and Senior Management of the Company have affirmed compliance with the Code of Conduct laid down by the Board for the financial year April 2007-March 2008.

Place: Bangalore
Date: April 25, 2008

M.R. Jaishankar
Chairman & Managing Director

Auditors' Report

To the members of **BRIGADE ENTERPRISES LIMITED**,

1. We have audited the attached Balance Sheet of BRIGADE ENTERPRISES LIMITED, as at 31st March 2008 and also the Profit & Loss Account and the Cash Flow Statement for the period ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements, based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government of India, in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 31st March 2008 from being appointed as Directors of the Company under Clause (g) of Sub-section (1) of Section 274 of Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the notes thereon give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2008.
 - ii) In the case of Profit and Loss Account, of the Profit for the period ended on that date.
 - iii) In the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

Place: Bangalore
Date: April 25, 2008

for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No: 200/25588

Annexure to Auditors' Report

Annexure referred to in paragraph 3 of the Auditors' Report to the members of Brigade Enterprises Limited on the accounts for the period ended 31st March 2008.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- (b) All the Fixed Assets have been physically verified by the management during the period and no material discrepancies were noticed on such verification.
- (c) During the period, the Company has not disposed off any substantial part of its Fixed Assets that would affect the going concern assumption of the Company.
- (ii) (a) The Inventory has been physically verified at reasonable intervals during the period by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between physical stock and book stock was not material.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to the companies, firms and other parties mentioned in the Register maintained under Section 301 of the Companies Act, 1956 and in view of the above the provisions of Clause (iii) (b), (iii) (c), (iii) (d), of the order are not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has during the year taken unsecured loans from other parties covered in the Section 301 Register. The maximum amount taken during the year was Rs 143.82 lakhs from 21 parties and the year end balance due to such Parties was Nil.
- (c) Based on the verification of the records, we are of the opinion that the rate of interest and other terms and conditions of unsecured loans taken by the Company are not *prima facie* prejudicial to the interests of the Company.
- (d) Based on the verification of the records, it was observed that the repayment of the principal amount of the loan and interest was as stipulated and regular.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, Fixed Assets and for the sale of goods. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party during the period have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has accepted deposits from certain Parties (repaid with applicable interest before 31st March 2008) and in respect of these deposits the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder have not been complied with by the Company insofar as it pertains to filing of forms, Advertisement and Returns to Registrar of Companies.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records and hence the provision of Clause 4(viii) is not applicable.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Employee Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it.
- (b) According to the information and explanations given

to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess were in arrears, as at 31.03.2008 for a period of more than six months from the date they became payable, except a sum of Rs 175,983/- being the Wealth Tax payable for the Financial Year 2006-07.

- (c) According to the information and explanations given to us, the particulars of Income Tax, Sales Tax and Service Tax as at 31st March 2008, which have not been deposited on account of a dispute pending are as under:

Name of the Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Service Tax on Import of Services	Rs 1,04,36,073	For the period from 01 July 2004 to 28 February 2006	Customs, Excise and Service Tax Appellate Tribunal
VAT	Delay in filing the Monthly Return	Rs 8,95,327	Monthly Return for the month of May 2006	High Court of Karnataka
Income Tax Act	Income Tax on disallowance of deduction under Sec 80IB	Rs 2,86,96,361	Assessment Year 2005-06	Commissioner of Income Tax (Appeals)

- (x) In our opinion, the Company has no accumulated losses and the Company has not incurred cash losses during the financial period covered by our audit and the immediately preceding financial period.
- (xi) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) In our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence, maintenance of records is not applicable.
- (xiii) In our opinion, the Company is not a chit fund or nidhi mutual benefit fund / society and therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations provided to us, the Company is not dealing in or trading in shares, securities, debentures and other investments and accordingly, the provisions of Cause 4(xiv) of the Order are not applicable to the Company.

- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution and accordingly provisions of Clause 4(xv) of the Order are not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the

- Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of Shares during the period to parties and companies covered in the Register maintained under Section 301 of the Act and therefore, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- (xix) According to the information and explanations given to us, the Company has not issued any debenture and therefore, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- (xx) In our opinion, in respect of the monies raised by the Company by way of Public Issue during the year, the management has disclosed the end use of money raised by Public Issues as a part of Notes to Accounts and the same has been verified.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed/reported during the period under review.

for Narayanan, Patil and Ramesh
Chartered Accountants

L.R. Narayanan
Partner

Membership No: 200/25588

Place: Bangalore
Date: April 25, 2008

Balance Sheet

as at 31st March 2008

Rupees in Millions

PARTICULARS	SCH.	31st March 2008	31st March 2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1,122.52	269.16
Reserves and Surplus	B	8,153.94	1,202.73
		9,276.46	1,471.89
Loan Funds			
Secured Loans	C	2,974.91	2,402.03
Total		12,251.37	3,873.92
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	1,016.81	956.84
Less: Depreciation		274.48	198.16
Net Block		742.33	758.68
Capital Work-in-progress		4,043.54	2,205.00
		4,785.87	2,963.68
Investments	E	4,052.15	15.37
Deferred Tax Asset	F	15.17	16.76
Current Assets, Loans & Advances			
Interest accrued but not due		0.19	0.89
Inventories	G	3,022.46	2,257.36
Sundry Debtors	H	20.01	169.50
Cash and Bank Balances	I	119.62	175.04
Loans and Advances	J	3,666.53	1,526.06
		6,828.81	4,128.85
Less: Current Liabilities & Provisions			
Current Liabilities	K	3,123.93	2,896.71
Provisions	L	605.61	354.03
		3,729.54	3,250.74
Net Current Assets		3,099.27	878.11
Miscellaneous Expenditure (to the extent not Written off or Adjusted)	M	298.91	—
Total		12,251.37	3,873.92

Notes to Accounts forms an integral part of the Financial Statements.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for **Brigade Enterprises Limited**

M.R. Jaishankar
Chairman & Managing Director

M.R. Shivram
Director

A. Anil Kumar
V.P. (Strategic Alliances & Business
Development) and Company Secretary

Profit & Loss Account

for the year ended 31st March 2008

Rupees in Millions

PARTICULARS	SCH.	31st March 2008	31st March 2007
INCOME			
Contract & Other receipts	N	4,941.53	4,019.59
Increase/(Decrease) in closing stock of units		12.28	58.06
Total		4,953.81	4,077.65
EXPENDITURE			
Project Expenses	O	2,860.87	2,627.49
Personnel Expenses	P	306.43	159.43
Administrative and Selling Expenses	Q	216.48	119.03
Interest & Financial Charges	R	35.71	16.02
Depreciation	D	85.54	87.24
Miscellaneous Expenses Written Off	M	74.73	—
Total		3,579.76	3,009.21
Profit Before Tax		1,374.05	1,068.44
Provision for Taxation - Current Taxes	S	(341.61)	(350.64)
Provision for Taxation - Deferred Taxes		(1.60)	12.37
Profit after tax		1,030.84	730.17
Add: Prior Year (Expenses)/Income		(1.25)	19.82
Less: Diminution in Value of Investments		—	(2.58)
Profit for the Year available for Appropriation		1,029.59	747.41
Appropriations			
Towards Proposed Dividends		224.50	53.83
Towards Tax on Proposed Dividend		38.15	7.54
Profit Transferred to General Reserve		77.30	74.80
Balance carried to Balance Sheet		689.64	611.24
Earnings per Share - Basic & Diluted (in Rupees)		10.40	7.93
Nominal Value of Shares		10.00	10.00

Notes to Accounts forms an integral part of the Financial Statements.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for **Brigade Enterprises Limited**

M.R. Jaishankar
Chairman & Managing Director

M.R. Shivram
Director

A. Anil Kumar
V.P. (Strategic Alliances & Business
Development) and Company Secretary

Cash Flow Statement

for the year ended 31st March 2008

Rupees in Millions

PARTICULARS	As on 31st March 2008	As on 31st March 2007
Cash Flow from Operating Activities		
Net Profit before Tax	1,374.05	1,068.44
Adjustments for:		
Depreciation including Obsolescence & Amortisation	85.54	87.24
Loss/(Profit) on Sale of Assets (Net)	(2.17)	(0.01)
Dividend Received	(77.07)	(0.65)
Loss/(Profit) on Sale of Investments (Net)	0.37	—
Prior year Income/(Expenses)	(1.25)	19.82
Interest Income	(8.58)	(11.59)
Bad Debts	0.11	3.13
Amortisation of Miscellaneous Expenses	74.73	—
Interest paid	33.58	12.10
Operating Profit before Working-Capital Changes	1,479.31	1,178.48
Adjustments for:		
Decrease/(Increase) in Sundry Debtors	149.38	(119.59)
Decrease/(Increase) in Inventories	(765.09)	(1,357.24)
Decrease/(Increase) in Loans & Advances	(1,905.68)	(644.18)
Interest accrued, but not due	0.70	(0.89)
Income Taxes paid	(589.79)	(189.06)
Increase/(Decrease) in Current Liabilities	229.51	339.89
Net Cash Flow (used in) / from Operating Activities	(1,401.66)	(792.59)
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(1,913.45)	(2,300.12)
Sale Proceeds of Fixed Assets	7.88	1,778.92
Long Term Investments (Net)	(0.07)	0.04
Investments in Mutual Funds (Net)	(4,036.71)	—
Interest Received	8.58	11.59
Dividend received	77.07	0.65
Loss/(Profit) on Sale of Investments (Net)	(0.37)	—
Net Cash Flow (used in) / from Investing Activities	(5,857.07)	(508.92)
Cash Flows from Financing Activities		
Interest Payment	(33.58)	(12.10)
Dividend paid	—	(84.40)
Increase in Share Premium Account	6,857.19	—
Increase in Share Capital	180.45	—

Cash Flow Statement contd...

Rupees in Millions

PARTICULARS	As on 31st March 2008	As on 31st March 2007
IPO Expenses	(367.04)	—
Other Miscellaneous Expenditure	(6.60)	—
Increase/(Decrease) in Secured Loans	572.89	1,394.73
Increase/(Decrease) in Unsecured Loans	—	(17.93)
Net Cash Flow (used in) / from Financing Activities	7,203.31	1,280.30
Net Increase in Cash and Cash Equivalents	(55.42)	(21.21)
Cash and Cash equivalents at the beginning of Period	175.04	196.25
Cash and Cash equivalents at the end of Period	119.62	175.04

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for **Brigade Enterprises Limited**

M.R. Jaishankar
Chairman & Managing Director

M.R. Shivram
Director

A. Anil Kumar
V.P. (Strategic Alliances & Business
Development) and Company Secretary

Schedules forming part of Balance Sheet

as at 31st March 2008

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SCHEDULE A — Share Capital		
Authorised		
15,00,00,000 Equity Shares of Rs 10/- each (Previous year: 3,00,00,000 Equity Shares of Rs 10/- each)	1,500.00	300.00
Issued, Subscribed & Paid Up		
11,22,51,940 Equity Shares of Rs 10/- each (2,69,16,210 Equity Shares of Rs 10/- each fully paid-up for Year 2006-07) (Of the above 6,72,90,525 (Nil) Equity Shares of Rs 10/- each were allotted as fully paid-up Bonus Shares by capitalisation of accumulated profits)	1,122.52	269.16
Total	1,122.52	269.16
SCHEDULE B — Reserves & Surplus		
Securities Premium Account		
Opening Balance	—	—
Allotment of 1,80,45,205 Equity Shares through Initial Public Offer	6,857.18	—
Closing Balance (A)	6,857.18	—
General Reserve		
Opening Balance	374.80	300.00
Add: Transfers during the Year from P&L A/c	77.30	74.80
Closing Balance (B)	452.10	374.80
Profit & Loss A/c		
Opening Balance	827.93	216.69
Add: Balance transferred from P&L A/c	689.64	611.24
Less: Transferred towards issue of Bonus Shares	(672.91)	—
Closing Balance (C)	844.66	827.93
Total (A+B+C)	8,153.94	1,202.73
SCHEDULE C — Secured Loans		
(Refer Notes to Accounts for security offered)		
Loans and Advances from Banks	2,954.17	2,399.57
Interest accrued and due	20.74	0.99
Other Loans	—	1.47
(Term Loans repayable within 1 year is Rs 1,117.70 Million)		
Total	2,974.91	2,402.03

SCHEDULE D — FIXED ASSETS

Rupees in Millions

Sl No.	Fixed Assets	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
		As at 1-Apr-07	Additions	Deletions	As at 31-Mar-08	Up to 31-Mar-07	For the Year ended 31-Mar-08	Amount Written Back	Total	W.D.V. as at 31-Mar-08	W.D.V. As at 31-Mar-07
A	Land	66.30	—	3.52	62.78	—	—	—	—	62.78	66.30
B	Building	544.07	4.02	—	548.09	41.90	26.87	—	68.77	479.32	502.17
C	Interiors, Furniture & Fixtures	203.85	21.92	3.68	222.09	76.37	35.98	2.66	109.69	112.40	127.50
D	Office Equipment, Plant & Machinery	83.40	22.36	4.93	100.83	49.28	10.75	4.75	55.28	45.55	34.10
E	Computers	24.54	17.66	—	42.20	17.17	5.18	—	22.35	19.85	7.37
F	Motor Vehicles	34.68	8.94	2.80	40.82	13.44	6.76	1.81	18.39	22.43	21.24
	Total	956.84	74.90	14.93	1,016.81	198.16	85.54	9.22	274.48	742.33	758.68
G	Capital Work-in-progress	2,205.00	2,024.81	186.27	4,043.54	—	—	—	—	4,043.54	2,205.00
	Total	3,161.84	2,099.71	201.20	5,060.35	198.16	85.54	9.22	274.48	4,785.87	2,963.68
	Previous Year	2,209.86	2,731.11	1,779.13	3,161.84	111.13	87.24	0.21	198.16	2,963.68	2,098.72

Schedules forming part of Balance Sheet

as at 31st March 2008

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SCHEDULE E — Investments		
Investments (Long Term)		
A. Investment in Government Securities		
National Savings Certificate	1.23	1.26
B. Unquoted Shares		
5,000 Shares of Diagnostic Research (P) Ltd of Face Value of Rs 10/- each	0.05	0.05
1,90,000 Shares of AEC Infotech (P) Ltd of Face Value of Rs 10/- each	1.90	1.90
1,85,000 shares of Tandem Allied Services (P) Ltd of Face Value of Rs 10/- each	0.74	0.74
C. Investments In Subsidiary Companies		
10,00,000 Shares of Brigade Hospitality Pvt. Ltd of Face Value Rs 10/- each	10.00	10.00
10,000 shares of Brigade Properties Pvt. Ltd of Face Value of Rs 10/- each	0.10	—
10,000 shares of Brigade Estates & Projects Pvt. Ltd of Face Value of Rs 10/- each	0.10	0.10
100,200 Shares of Tetrarch Holdings Pvt. Ltd of Face Value Rs 10/- each	3.84	3.84
Less: Diminution in value of investment in Tetrarch Holdings Pvt. Ltd	(2.59)	(2.59)
D. Quoted Shares (at lower of Cost or Market Value) in		
Nuchem India Ltd - 6000 Shares (Market Value as on 31.03.08 is Rs 6.11 per Share)	0.04	0.04
Ansal Properties Ltd - 100 Shares (Market Value as on 31.03.08 is Rs 275.00 per Share)	0.01	0.01
Unitech Ltd - 200 Shares (Market Value as on 31.03.08 is Rs 339.20 per Share)	0.01	0.01
Total	15.44	15.37

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
Current Investments		
E. Balance of Un-utilised Monies raised through Initial Public Offer Invested in Mutual funds		
Birla Sunlife Liquid Plus - 15157768.786 Units	151.68	—
(NAV as on 31.03.2008 is Rs 10.01 per unit)		
DSP Merrill Lynch - FMP - 3M - 15067088.096 Units	150.67	—
(NAV as on 31.03.2008 is Rs 10.03 per unit)		
DWS Credit Opportunities Cash Fund - 39981630.091 Units	401.39	—
(NAV as on 31.03.2008 is Rs 10.05 per unit)		
Fidelity Liquid Plus Fund - 76182702.7278 Units	761.91	—
(NAV as on 31.03.2008 is Rs 10.00 per unit)		
HSBC Cash Fund Collection A/c (HSBC Interval Fund Plan III Inst D) - 15266380.779 Units	152.60	—
(NAV as on 31.03.2008 is Rs 10.04 per unit)		
ICICI Prudential Liquid Fund Collection A/c (ICICI Prudential Interval Fund II Quarterly Interval Plan C - Retail Dividend - Pay Dividend) - 22325754.664 Units	223.26	—
(NAV as on 31.03.2008 is Rs 10.01 per unit)		
ING Mutual Fund Collection A/c (Institutional - Daily Div) - 40630953.281 Units	406.44	—
(NAV as on 31.03.2008 is Rs 10.00 per unit)		
J.M. High Liquidity Fund - 34068718.31 Units	340.82	—
(NAV as on 31.03.2008 is Rs 10.00 per unit)		
LIC MF Liquid Fund - 25744602.669 Units	257.45	—
(NAV as on 31.03.2008 is Rs 10.00 per unit)		
HDFC - FMP - 90D - Wholesale Plan Dividend - 25000000 Units	250.00	—
(NAV as on 31.03.2008 is Rs 10.10 per unit)		
HDFC Cash Management Fund Savings Plus - WP DD - 10411223.281 Units	104.44	—
(NAV as on 31.03.2008 is Rs 10.03 per unit)		
Tata Dynamic Bond Fund - 28562995.687 Units	300.00	—
(NAV as on 31.03.2008 is Rs 10.52 per unit)		
Tata Liquid Fund - 40392627.307 Units	400.00	—
(NAV as on 31.03.2008 is Rs 10.03 per unit)		
Templeton Mutual Fund - 13591329.12 Units	136.05	—
(NAV as on 31.03.2008 is Rs 10.01 per unit)		
Total	4,036.71	—
Total	4,052.15	15.37

Note: Aggregate Market Value of Current Investments as on 31st March 2008 is Rs 4,046.71 Million.

Schedules forming part of Balance Sheet

as at 31st March 2008

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SCHEDULE F — Deferred Tax Asset		
Fixed Assets	12.04	12.73
Expenses disallowed	3.13	4.03
Total	15.17	16.76
SCHEDULE G — Inventories		
Stock of Materials at sites (at lower of Cost or Net Realisable Value)		
- As Certified by Management	425.97	—
Transferable Development Rights	54.11	—
Land Held for Development	969.14	1,103.78
Work-in-Progress (at lower of cost or Net Realisable Value)	—	—
- As Certified by Management	1,493.97	1,086.61
Closing Stock of unsold Units (at lower of Cost or Net Realisable Value)	79.27	66.97
Total	3,022.46	2,257.36
SCHEDULE H — Sundry Debtors		
(Unsecured, Considered Good)		
- Outstanding for more than 6 months:		
Debts Due by Entity wherein Director is interested	14.41	27.90
Others (Considered Good)	0.82	1.77
Considered doubtful	0.26	2.32
- Outstanding for Less than 6 months:		
Other Debts, Considered Good	4.78	139.83
	20.27	171.82
Less: Provision for doubtful debts	(0.26)	(2.32)
Total	20.01	169.50
SCHEDULE I — Cash & Bank Balances		
Cash & Cheques in hand	10.03	21.64
Bank Balances with Scheduled Banks		
- in Current Accounts	97.16	117.95
- in Deposit Accounts	12.43	35.45
Total	119.62	175.04
Schedule J — Loans and Advances (Unsecured, Considered Good)		
Advances recoverable in cash, kind or value to be received:		
Subsidiary Companies	104.78	(24.86)
Property Advances	2,461.96	805.43
Contractors/Suppliers	523.26	477.08
Others	32.75	30.14
Advance Tax/TDS	422.92	188.11
Other Deposits	120.86	50.16
Total	3,666.53	1,526.06

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
Schedule K — Current Liabilities		
Advances Received from Clients	1,734.19	1,841.84
Sundry Creditors:		
Due to Directors	141.83	11.41
Micro, Small & Medium Scale Enterprises [Note (i) below]	0.52	—
Contractors, Suppliers & Others	1,247.39	1,043.46
[Note (i): As per the information provided by the Company]		
Total	3,123.93	2,896.71
Schedule L — Provisions		
Provision for Income Tax	333.70	347.40
Provision for Fringe Benefit Tax	0.10	—
Provision for Leave Encashment & Gratuity	8.93	6.63
Provision for Wealth Tax	0.22	—
Dividend Payable	224.50	—
Tax on Dividend	38.16	—
Total	605.61	354.03
Schedule M — Miscellaneous Expenditure (to the extent not Written Off or Adjusted)		
Initial Public Offer Expenses	367.04	—
Others	6.60	—
Less: 1/5th Amortised	(74.73)	—
Balance carried forward to Balance Sheet	298.91	—
SCHEDULE N — Contract & Other Receipts		
Contract Receipts	4,607.05	3,781.70
Dividend from Investments	76.70	0.65
Interest Received	8.58	11.59
Miscellaneous Income	91.73	103.84
Rent Received	155.30	121.80
Profit/(Loss) on Sale of Properties/Asset	2.17	0.01
Total	4,941.53	4,019.59

Schedules forming part of Profit & Loss Account for the year ended 31st March 2008

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SCHEDULE O — Project Expenses		
Construction Materials		
Cement	175.71	85.79
Concrete Pavers	4.15	4.34
Flush Doors	38.83	7.70
Granite/ Marble	19.57	22.16
Hardware Items	11.82	2.23
PVC Windows	14.86	9.15
Steel	856.97	659.37
Tiles	129.91	23.24
Total	1,251.82	813.98
Land and Construction Expenses		
Construction Expenses	2,442.03	1,781.95
Architect & Consultancy Fees	158.08	143.24
Electrical Work and Power Charges	244.29	177.83
Interiors - Projects	202.28	73.88
Miscellaneous Expenses - Construction	36.47	37.82
Land Cost - Projects	601.00	715.71
Land Cost - Capital	279.54	798.60
Rates & Taxes - Projects	30.51	46.96
Other Direct Project Expenses		
Interest - Projects	358.89	148.55
Selling & Administrative Expenses - Projects	94.92	163.26
Miscellaneous Expenses - Projects	0.35	—
Total	5,700.18	4,901.78
Increase/Decrease in Stock and WIP		
Opening Stock	—	83.43
Opening Work-in-Progress - Projects	1,086.61	777.28
Opening Work-in-Progress - Capital	2,205.00	430.99
Less: Cost of Projects Sold/Transferred	(167.44)	(274.39)
Total	3,124.17	1,017.31
Closing Stock	425.97	—
Closing Work in Progress - Projects	1,493.97	1,086.60
Closing Work in Progress - Capital	4,043.54	2,205.00
Total	5,963.48	3,291.60
(Increase)/Decrease in value of Stock & WIP	(2,839.31)	(2,274.29)
Total of Project Expenses	2,860.87	2,627.49

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SCHEDULE P — Personnel Expenses		
Salaries & Wages	278.64	140.92
Training & Recruitment	3.09	2.59
Staff Welfare	18.09	9.04
Contributions to Funds	6.61	6.88
Total	306.43	159.43
SCHEDULE Q — Administrative and Selling Expenses		
Advertisement & Sales Promotion	67.65	44.23
Agency Commission	4.64	1.02
Bad Debts	0.11	3.13
Communication Expenses	5.82	6.71
Directors' Sitting Fee	0.51	0.42
Discount	6.12	0.93
Donation	5.91	1.57
Miscellaneous Expenses	5.00	2.78
Insurance	2.29	1.90
Legal, Professional & Consultancy Charges	21.25	7.42
Power/Fuel Charges	2.84	2.25
Printing & Stationery	2.55	3.28
Rates & Taxes	7.26	8.86
Rent Paid	55.04	12.65
Repairs & Maintenance	10.60	4.74
Foreign Currency Fluctuation	0.01	0.37
Security Charges	1.62	0.85
Travelling & Conveyance Expenses	17.26	15.92
Total	216.48	119.03
SCHEDULE R — Interest and Financial Charges		
Bank Charges	2.14	3.92
Interest on Bank Loans	33.57	12.10
Total	35.71	16.02
SCHEDULE S — Current Taxes		
Provision for Taxation - Current Taxes	333.70	347.40
Provision for Taxation - Wealth Tax	0.22	—
Fringe Benefit Tax Paid	2.09	1.80
Excess provision for Income Tax Reversed	5.60	1.44
Total	341.61	350.64

Schedule for Notes to Accounts

for the year ended on 31st March 2008

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis for Preparation of Financial Statements:

The Financial Statements are prepared under the historical cost convention, in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material impact / bearing on the Financial Statements are recognised on the accrual basis.

1.2. Use of Estimates:

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires Company Management to make estimates and assumptions that affect reported balance of Assets & Liabilities and disclosures relating to Contingent Assets & Liabilities as of the date of Financials and reported amounts of Income & expenses during the period. Examples of such estimate include Profits expected to be earned on projects carried on by the Company, Contract Costs expected to be incurred to completion of project, provision for Doubtful Debts, Income Taxes, etc. Actual results could differ from these estimates. Differences, if any, between the actual results and estimates are recognised in the period in which the results are known or materialised.

1.3. Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

1.4. Valuation of Inventories and Construction Work-in-progress:

- a) Valuation of Inventories, representing stock of materials at project site, has been done after providing for obsolescence, if any, at lower of Cost or Net Realisable Value.
- b) The value of Construction Work-in-progress during the period is determined as follows:
 - The aggregate of opening stock, Opening Work-in-progress, cost of construction and construction overheads incurred during the year as reduced by cost of completed contract transferred to income and closing stock of materials, if any.
 - The value of completed projects intended for immediate sale is considered as an inventory and value of completed projects / units intended to be retained / leased is considered as fixed asset.
 - Land held for development, Work-in-progress,

Transferable Development Rights, and Closing Stock of unsold units is valued at Cost or Net Realisable Value, whichever is lower.

1.5. Cash Flow Statement:

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash Flows from regular revenue generating, financing and investing activities of the Company are segregated.

1.6. Events occurring after the date of Balance Sheet:

Material events occurring after date of Balance Sheet are taken into cognizance.

1.7. Depreciation:

Depreciation in respect of fixed assets, is provided adopting Written Down Value Method at the rates provided under Schedule XIV of the Companies Act, 1956, except,

- On assets held for the purpose of sale, no depreciation is charged.
- On assets leased out depreciation is charged on Straight Line Method over the period of the lease or five years, whichever is lower.

Depreciation is charged on a pro-rata basis for assets purchased / sold during the year. Individual assets costing less than Rs 5,000/- is charged off in the year of purchase.

1.8. Revenue Recognition:

- Income from operations is determined and recognised, based on the percentage of completion method, as the aggregate of the profits earned on the projects completed / under completion and the value of construction work done during the period.

Profit so recognised in respect of individual projects is adjusted to ensure that it does not exceed the estimated overall profit margin. Loss on projects, if any, is fully provided for.

Stage of completion of projects in progress is determined on the basis of the proportion of the Contract Costs incurred, in respect of individual projects for work performed up to the period of the Financial Statements, bear to the estimated total project cost. Income recognised as contract revenue during the period is based on the lower of stage of completion as determined above and percentage

of actual amount received on sale (pursuant to agreements entered into by the Company) of the estimated contract value of these projects. Project revenues on new projects are recognised when the stage of completion of each project reaches a significant level, which is estimated to be at least 25%.

The estimates for Sale Value and Contract Costs are reviewed by management periodically and the cumulative effect of the changes in these estimates, if any, are recognised in the period in which these changes may be reliably measured.

- Interest income is recognised on time basis and is determined by the amount outstanding and rate applicable.
- Dividend income is recognised as and when right to receive payment is established.
- Rental income / lease rentals are recognised on accrual basis in accordance with the terms of agreement.
- Differential income arising on account of any charges collected including deposits and the related expenses incurred are recognised in the year of handing over of the flats to the customers.

1.9. Fixed Assets:

Fixed Assets are stated at cost of acquisition including directly attributable costs for bringing the asset into use, less accumulated depreciation.

1.10. Foreign Currency Transaction:

Foreign Currency Transactions are re-stated at the rates ruling at the time of receipt / payment and all exchange losses / gains arising there from are adjusted to the respective accounts. All monetary items denominated in foreign currency are converted at the rates prevailing on the date of the Financial Statement.

1.11. Investments:

Investments are classified as Current Investments and Long-Term Investments. Long-Term Investments are carried at the cost, unless there is a permanent diminution in value of the investments and Current Investments are carried at the lower of Cost or Market Value.

1.12. Employee Benefits:

- a) Short-Term Employee Benefits:
The employee benefits payable only within 12 months

of rendering the services are classified as Short-Term employee benefits. Benefits such as salaries, leave travel allowance, short-term compensated absences etc. and the expected cost of bonus are recognised in the period in which the employee renders the related services.

b) Post Employment Benefits:

i. Defined Contribution Plans:

The Company has contributed to State Governed Provident Fund scheme, Employee State Insurance scheme and Employee Pension scheme which are defined contribution plans. Contribution paid or payable under the schemes is recognised during the period in which employee renders the related service.

ii. Defined Benefit Plans:

The employees' gratuity is a defined benefit plan. The present value of the obligation under such plan is determined based on the actuarial valuation using the projected unit credit method which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the financial obligation. The Company has an employee gratuity fund managed by Life Insurance Corporation of India (LIC). Actuarial gains or losses are charged to Profit and Loss Account.

- iii. Liability in respect of leave encashment is provided for on actuarial basis using the projected unit credit method same as above.

1.13. Borrowing Costs

Cost of funds borrowed for acquisition of Fixed Assets up to the date the asset is put to use is added to the value of the assets.

1.14. Earnings per Share:

Basic Earning per Share is computed by dividing net income by the weighted average number of common stock outstanding during the period.

The number of Shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic Earning per Share, and also the weighted average number of Equity Shares that could have been issued on the conversion of all dilutive potential Equity Shares. The diluted potential Equity Shares are adjusted for the proceeds receivable, had the Shares been actually issued at Fair Value

Schedule for Notes to Accounts

for the year ended on 31st March 2008

(i.e., the average market value of the outstanding shares). Diluted potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.15. Provision for Taxation:

Deferred tax is recognised, subject to the consideration of prudence, in respect of deferred tax assets or liabilities, on timing differences, being the difference between taxable incomes and accounting incomes that originate in one period, and are reversible in one or more subsequent periods.

The provision for taxation is made on Taxes Payable Method after considering the effect of deduction under Section 80IB of the Income Tax Act, 1961.

1.16. Impairment of Assets:

At the end of each year, the Company determines whether a provision should be made for impairment loss on Fixed Assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard-28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India, where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on Fixed Assets is made for the difference.

1.17. Provisions:

Provision is recognised when an enterprise has a present obligation as a result of past event and is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on Management estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current Management estimate.

1.18. Amortisation of Miscellaneous Expenditure:

Expenses incurred towards Initial Public Offer and other deferred expenses classified under Miscellaneous Expenditure are written off equally over a period of 5 years.

2. NOTES ON ACCOUNTS (forming an integral part of accounts)

2.1. Share Capital:

Issued, Subscribed and Paid-up Capital of 11,22,51,940 (Previous year 2,69,16,210) Equity Shares includes:

- 5,00,000 (Previous Year 5,00,000) Equity Shares of Rs 10/- each fully paid-up, issued as Bonus Shares in 1996; 71,77,656 (Previous Year 71,77,656) Equity Shares of Rs 10/- each fully paid-up, issued as Bonus

Shares during 2004-05; 1,61,49,726 (Previous Year 1,61,49,726) Equity Shares of Rs 10/- each fully paid-up, issued as Bonus Shares during 2005-06 and 6,72,90,525 Equity Shares of Rs 10/- each fully paid-up issued as Bonus Shares during the year 2007-2008.

- 16,22,628 (Previous Year 16,22,628) Equity Shares allotted as fully paid-up on amalgamation of the erstwhile Brigade Developers Private Limited with the Company in the year 2001-02. This includes 9,000 Equity Shares allotted in lieu of Bonus Shares issued to the shareholders of the erstwhile Brigade Developers Private Limited.
- 68,400 (Previous Year 68,400) Equity Shares allotted as fully paid-up on amalgamation of the erstwhile Brigade Investments Private Limited with the Company in the year 2001-02.

2.2. Initial Public Offer Proceeds and its Utilisation:

During the year, the Company has raised money through an Initial Public Offer by issuing 1,80,45,205 Shares as fully paid-up shares of Rs 10/- each at a premium of Rs 380/- per Share. Details of Deployment of IPO Proceeds are as follows:

Rupees in Millions

Utilisation of Funds	
Acquisition of Land	1,198.77
Construction & Development of Ongoing Projects	48.85
General Corporate Purpose	1386.26
Initial Public Offer Expenses	367.04
Un-utilised amount invested in Mutual Funds	4036.71
Total	7037.63

2.3. Managerial Remuneration:

Rupees in Millions

	2007-08		2006-07	
	Executive Directors	Other Directors	Executive Directors	Other Directors
Salary	10.51	NIL	NIL	NIL
Commission Paid/ Payable	141.90	NIL	56.23	NIL
Sitting Fees	NIL	0.51	NIL	0.42
Contribution to Funds	0.02	NIL	NIL	NIL
Total	152.43	0.51	56.23	0.42

Computation of Net Profit in accordance with Sec 309(5) read with Section 349 of the Companies Act 1956 is summarised below:

	Rupees in Millions	
	2007-08	2006-07
Profit for the year before Taxation as per Profit and Loss Account	1374.05	1068.44
Add: Depreciation	85.54	87.24
Add: Managerial Remuneration to Directors	152.43	56.23
Less: Profit on Sale of Assets	(2.17)	NIL
Total	1609.85	1211.91
Less: Depreciation under Section 350	85.54	87.24
Adjusted Net Profit as per Section 198 of the Companies Act, 1956	1524.31	1124.67
Permissible Commission to Executive Directors – 10% (as determined by the Board of Directors) (Previous Year 5%)	152.43	56.23
Permissible remuneration to Independent Directors	NIL	NIL
Remuneration Paid/to be paid to Independent Directors	NIL	NIL

2.4. Remuneration paid to Statutory Auditors debited to Profit & Loss Account:

	Rupees in Millions	
	2007-08	2006-07
Audit Fees	0.87	0.50
Tax Audit Fees	0.14	0.14
Other services	1.53	0.18
Total	2.54	0.82

The above includes the applicable service tax on the fees.

2.5. Secured Loans from:

2.5.1 Corporation Bank:

- a. For Brigade Gateway Project is secured by the equitable mortgage of land measuring 23.29 acres out of the larger portion of land measuring 39.735 acres situated at 26/1, Industrial Suburb, Subramanyanagar, Malleswaram West, Bangalore, together with the residential buildings to be constructed thereon. Amount outstanding as on 31.03.2008 is Rs 171.10 Million (previous year Rs 700.00 Million). The loan is

further secured by personal guarantee of Mr Krishna Kumar M.R.

- b. For the Hospital Project at Brigade Gateway Project is secured by exclusive charge on land measuring approx. 1.72 acres out of the larger portion of land measuring 39.735 acres situated at 26/1, Industrial Suburb, Subramanyanagar, Malleswaram West, Bangalore, and building constructed thereon. Amount outstanding as on 31.03.2008 is Rs 202.17 Million (previous year Rs 200.00 Million).
- c. For the Brigade Gateway North Star Project and Multi Level Car Parking Complex Project is secured by first charge on pari-passu basis with Indian Bank on land measuring approx 5.3 acres out of the larger portion of land measuring 39.735 acres situated at 26/1, Industrial Suburb, Subramanyanagar, Malleswaram West, Bangalore, and Brigade Gateway North Star building and Multi Level Car Parking to be constructed thereon. Amount outstanding as on 31.03.2008 is Rs 368.55 Million (previous year Rs 252.39 Million).
- d. Overdraft is secured by equitable mortgage of portions owned by the Company in Brigade Seshamahal, situated at No. 5, Vani Vilas Road, Basavanagudi, Bangalore, and equitable mortgage of Hulkul Brigade Centre situated at No. 82, Lavelle Road, Bangalore, owned by Mr M.R. Jaishankar and his family members.

Above loans have been further secured by the personal guarantee of Mr M.R. Jaishankar and Mr M.R. Shivram.

2.5.2 Indian Bank:

For Brigade Gateway North Star Project and Multi Level Car Parking Complex Project is secured by first charge on pari-passu basis with Corporation Bank on land measuring approx 5.3 acres out of the larger portion of land measuring 39.735 acres situated at 26/1, Industrial Suburb, Subramanyanagar, Malleswaram West, Bangalore, and Brigade Gateway North Star building and Multi Level Car Parking to be constructed thereon. Amount outstanding as on 31.03.2008 is Rs 217.37 Million (previous year Rs 148.60 Million).

2.5.3. State Bank of India:

- a. For Hotel and Orion Mall Project at Brigade Gateway Project is secured by first charge on pari-passu basis with of State Bank of Mysore and State Bank of Patiala on land measuring 5.45 acres out of

Schedule for Notes to Accounts

for the year ended on 31st March 2008

the larger portion of land measuring 39.735 acres situated at 26/1, Industrial Suburb, Subramanyanagar, Malleswaram West, Bangalore, and the buildings to be constructed thereon. Amount outstanding as on 31.03.2008 is Rs 358.72 Million (previous year Nil).

- b. For Brigade South Parade Project is secured by equitable mortgage of property belonging to Mr M.R. Jaishankar situated at Kurubarakunte Village, Devanahalli Taluk, measuring 22 acres, and 1st charge on the rent receivable from the building Brigade South Parade. Amount outstanding as on 31.03.2008 is Rs 66.56 Million (previous year Rs 104.80 Million). *The above limits are further secured by the personal guarantee of Mr M.R. Jaishankar and Mr M.R. Shivram.*

2.5.4 State Bank of Mysore:

For the Hotel and Orion Mall Project at Brigade Gateway Project is secured by first charge on pari-passu basis with State Bank of India and State Bank of Patiala on land measuring 5.45 acres out of the larger portion of land measuring 39.735 acres situated at 26/1, Industrial Suburb, Subramanyanagar, Malleswaram West, Bangalore, and the buildings to be constructed thereon. Amount outstanding as on 31.03.2008 is Rs 169.31 Million (previous year Nil).

2.5.5 State Bank of Patiala:

For the Hotel and Orion Mall Project at Brigade Gateway Project is secured by first charge on pari-passu basis with State Bank of Mysore and State Bank of India on land measuring 5.45 acres out of the larger portion of land measuring 39.735 acres situated at 26/1, Industrial Suburb, Subramanyanagar, Malleswaram West, Bangalore, and the buildings to be constructed thereon. Amount outstanding as on 31.03.2008 is Rs 169.27 Million (previous year Nil).

2.5.6 HDFC Ltd:

For Brigade Metropolis Project is secured by mortgage of land situated at Mahadevapura Village, Krishnarajapuram Hobli, Bangalore South, to the extent of developers share measuring 6,10,000 sft and built-up space thereon. Amount outstanding as on 31.03.2008 is Rs 900.00 Million (previous year Rs 500.00 Million).

The limits are further secured by the personal guarantee of Mr M.R. Jaishankar.

2.5.7 IDBI Bank Ltd:

For Brigade Palmsprings is secured by equitable mortgage of land and building to be constructed at Puttenahalli, Uttarahalli, J.P. Nagar, Bangalore, to the extent of Undivided Share of Brigade Enterprises Limited. Amount outstanding as on 31.03.2008 is Rs 53.83 Million (previous year Nil).

The limits are further secured by the personal guarantee of Mr M.R. Jaishankar and Mrs Githa Shankar.

2.5.8 Bank of Maharashtra:

For Brigade Petunia project is secured by equitable mortgage of land and building to be constructed thereon at Banashankari 2nd Stage, Industrial Layout, Bangalore. Amount outstanding as on 31.03.2008 is Rs 207.55 Million. (Previous year Nil)

The limits are further secured by personal guarantee of Mr M.R. Jaishankar and Mr M.R. Shivram.

2.5.9 ICICI Bank Ltd:

For Brigade Homestead-2 is secured by exclusive mortgage on land and building at Jayanagar Bangalore. Amount outstanding as on 31.03.2008 is Rs 90.49 Million (previous year Nil).

The limits are further secured by the personal guarantee of Mr M.R. Jaishankar and Mr M.R. Shivram.

2.6. Disclosure pursuant to Accounting Standard 7 (Revised):

Rupees in Millions

Particulars	
Contract Revenue recognised as revenue in the year	4,607.05
Contract Cost incurred and recognised Profits (less recognised losses) upto the reporting date	8,087.68
Advances Received from Customers	1,734.19

2.7. Warranty Costs:

The Company has not recognised Warranty Cost relating to sale of unit/property, since such costs, if any, are covered by a corresponding warranty from the Company's contractors/vendors. This cost, if any, is recognised as and when incurred by the Company.

Schedule for Notes to Accounts for the year ended on 31st March 2008

2.8. Details of investments purchased and redeemed / sold during the year:

Name of the Fund	Purchased during the Year		Sold during the Year		Balance as on 31.03.2008	
	No. of units	Rupees in Millions	No. of units	Rupees in Millions	No. of units	Rupees in Millions
Birla Sunlife Liquid Plus-Instl-Daily Dividend-Reinvestment	14,989,806.931	150.00	—	—	15,157,768.786	151.68
DSP Merrill Lynch-FMP-3M	15,000,000.000	150.00	—	—	15,067,088.096	150.67
DWS Credit Opportunities Cash Fund	70,936,321.392	712.44	31,846,182.936	320.00	39,981,630.091	401.39
Fidelity Liquid Plus Super Inst-D Div	74,991,750.907	750.00	—	—	76,182,702.728	761.91
Fidelity Tax Advantage Fund Dividend	14,997,900.294	150.00	15,061,579.623	150.64	—	—
Grindlays Floating Rate Fund-LT-Inst. Plan B-Daily Div.	39,978,012.093	400.00	40,095,398.614	401.17	—	—
HSBC Cash Fund-Daily Dividend	39,977,612.537	400.00	39,984,279.229	400.07	—	—
HSBC Liquid Plus-Inst. Plus Daily Dividend	39,956,325.455	400.07	40,215,708.990	402.66	—	—
HSBC Interval Fund-Plan-III-Institutional Dividend	15,266,380.779	152.60	—	—	15,266,380.779	152.60
ICICI Prudential-Liquid Plus-Super Institutional	44,997,750.112	450.00	45,005,270.480	450.08	—	—
ICICI Prudential-Flexible Income Plan	42,566,341.083	450.08	42,867,314.196	453.26	—	—
ICICI Prudential Interval Fund II-Retail Dividend	22,325,754.664	223.26	—	—	22,325,754.664	223.26
ING Liquid Plus Fund-Institutional Daily Dividend	79,974,465.336	800.07	39,987,659.954	400.07	40,630,953.281	406.44
J.M. High Liquidity Fund-Super Institutional Plan	48,420,106.824	485.00	48,426,917.060	485.07	—	—
J.M. Money Manager Fund Super Plan-Daily Dividend	48,486,941.827	485.07	14,993,852.520	150.00	34,068,718.310	340.82
LIC Liquid Fund-Dividend Plan	41,116,315.881	451.46	41,123,417.170	451.54	—	—
LIC MF Liquid Plus Fund-Daily Dividend	45,153,923.287	451.54	20,000,000.000	200.00	25,744,602.669	257.45
HDFC Cash Management Fund Savings Plus	88,852,940.238	891.33	79,748,791.308	800.00	10,411,223.281	104.44
HDFCFMP90D-Wholesale Plan Dividend	25,000,000.000	250.00	—	—	25,000,000.000	250.00
Reliance Liquid Plus Fund	299,673.206	300.00	303,200.610	303.55	—	—
TATA Dynamic Bond Fund Option A	28,562,995.687	300.00	—	—	28,562,995.687	300.00
TATA Fixed Income Portfolio Fund Scheme A2	40,392,627.307	400.00	—	—	40,392,627.307	400.00
Templeton Floating Rate Income Fund Long Term Plan	39,958,044.054	400.00	26,970,871.459	270.00	13,591,329.120	136.05
Tata Liquid Super High Investment Fund-Daily Dividend	358,898.898	400.00	358,958.536	400.07	—	—
Tata Floater Fund-Daily Dividend	39,864,728.321	400.07	40,290,796.478	404.34	—	—
Total	962,425,617.114	10,402.98	567,280,199.163	6,442.50	402,383,774.799	4,036.71

Schedule for Notes to Accounts

for the year ended on 31st March 2008

2.9. Gratuity Plan:

The following table spells out the status of the gratuity plan as required under AS-15 (revised).

Rupees in Millions

Particulars	As at 31 March 2008	As at 31 March 2007
Obligations at the beginning of the Year	5.08	3.92
Service Cost	1.77	1.28
Interest Cost	0.38	0.29
Benefits Settled	(0.88)	(0.19)
Actuarial (Gain) / Loss	(0.18)	(0.22)
Obligations at the end of the Year	6.18	5.08
Change in Plan Assets		
Plan Assets at the beginning of the Year, at Fair Value	2.75	2.05
Expected return on Plan Assets	0.23	0.16
Contributions	0.94	0.73
Benefits Settled	0.88	(0.19)
Actuarial Gain / (Loss)	NIL	NIL
Plan Assets at the end of the Year, at Fair Value	3.05	2.75
Reconciliation of Present Value of the Obligation and the Fair Value of the Plan Assets		
Fair Value of Plan Assets at the end of the Year	3.05	2.75
Present Value of the defined benefit obligation at the end of the Year	6.18	5.08
Asset / (Liability) recognised in the Balance Sheet	(3.13)	(2.33)
Gratuity Cost for the Year		
Service Cost	1.77	1.28
Interest Cost	0.38	0.29
Expected Return on Plan Assets	0.23	(0.17)
Actuarial (Gain) / Loss	(0.18)	(0.21)
Net Gratuity Cost	1.73	1.19
Assumptions		
Interest Rate	7.50%	7.50%
Expected Rate of return on Plan Assets	7.50%	7.50%
Expected Rate of Salary Increase	7.00%	7.00%
Attrition Rate	9.00%	9.00%
Retirement Age	58 Years	58 Years

2.10. Segmental Reporting

The Company's operations predominantly relate to Construction & Development, Real Estate development and related activities of leasing / rental of units / properties. Accordingly, real estate development represents a single Primary segment in the financials of the Company and the geographical location of the projects represents the Secondary segment of reporting.

During the current year, the financials of the Company represent a single Primary segment (real estate development). With respect to Secondary segment, the Company has its projects in and around Bangalore, which makes it a single segment. Hence, providing of segmental information is not applicable to the Company for the current financial year.

2.11. Related Party Disclosure:

Related party disclosures, as required by AS-18, "Related Party Disclosures" are given below:

2.11.1 Relationships:

Holding Companies	NIL
Subsidiary Companies	Brigade Hospitality Services Pvt. Ltd Tetrarch Holdings Pvt. Ltd Brigade Estates and Projects Pvt. Ltd Brigade Properties Pvt. Ltd
Associated Companies	AEC Infotech Pvt. Ltd Tandem Allied Services Pvt. Ltd
Other related parties where common control exists	Mysore Holdings Pvt. Ltd Brigade Foundation
Key Managerial Personnel (KMP)	Mr M.R. Jaishankar, Chairman and Managing Director Ms Githa Shankar, Executive Director
Relatives of Key Managerial Personnel	Ms Nirupa Shankar (Daughter of KMP) Ms Pavithra Shankar (Daughter of KMP) Mr M.K. Shivaraj Harsha (Relative of KMP) Mr M.R. Shivram (Relative of KMP) Mr M.S. Amar (Relative of KMP) Mr M.R. Gurumurthy (Relative of KMP) Ms Latha Shivram (Relative of KMP) Mr A.A. Ramesh Kumar (Relative of KMP) Mr B.S. Adinarayana Gupta (Relative of KMP) Ms G.R. Arundathi (Relative of KMP) Mr M.R. Krishna Kumar (Relative of KMP) Mr M.S. Ravindra (Relative of KMP)

2.11.2 The following transactions were carried out with the related parties in the ordinary course of business.

Rupees in Millions

Particulars	Managerial Remuneration	Sale of material/ finished goods/ services	Purchase of material/ finished goods/ services/Other expenses	Guarantees outstanding	Investment in shares during the Year	Outstanding receivables/ (payables), as at 31.03.2008
Brigade Hospitality Services Pvt. Ltd	NIL	39.47	2.66	NIL	NIL	104.31
Tandem Allied Services Pvt. Ltd	NIL	0.30	30.18	NIL	NIL	(8.03)
AEC Infotech Pvt. Ltd	NIL	2.23	12.98	NIL	NIL	(0.16)
Tetrarch Holdings Pvt. Ltd	NIL	0.40	NIL	NIL	NIL	0.41
Brigade Estates Pvt. Ltd	NIL	NIL	NIL	NIL	NIL	NIL
Brigade Properties Pvt. Ltd	NIL	0.05	NIL	NIL	0.10	0.05
Mysore Holdings Pvt. Ltd	NIL	199.10	NIL	NIL	NIL	8.03
Brigade Foundation	NIL	0.34	5.20	NIL	NIL	14.41
Key Managerial Personnel	152.43	5.61	4.48	NIL	NIL	(138.96)
Relatives of Key Managerial Personnel	NIL	17.98	493.21	NIL	NIL	(41.51)

Details with respect to remuneration paid to whole-time Directors are mentioned elsewhere in the Notes.

2.12. Assets given under Operating Lease:

2.12.1. The Company has given certain Assets on Operating Lease. Details of assets given under Operating Lease are as under:

Rupees in Millions

Description of Asset	Gross Carrying Amount 31-03-08	Accumulated Depreciation	Depreciation for the Year	Acc. Impairment Loss
Building (cost incurred) & Equipments in 'Brigade Software Park'	7.14	NIL	NIL	NIL
Building and Equipments at 'Brigade Seshamahal'	30.29	1.85	0.92	NIL
Building, Interiors and Equipments at 'Brigade South Parade'	191.75	61.47	17.78	NIL
Building, Interiors and Equipments at 'Brigade Plaza'	23.47	5.55	1.97	NIL
Building, Interiors and Equipments at 'Brigade Court'	34.48	17.97	5.00	NIL
Interiors at 'Brigade Techpark 2'	38.84	9.05	7.73	NIL
Building, Interiors, and Equipment at 'Brigade Homestead-2'	77.88	8.27	6.64	NIL

2.12.2. The Company has given on non-cancelable operating lease certain assets, the future minimum lease receivables in respect of which, as at 31st March 2008 are as follows:

Rupees in Millions

Minimum Lease Payments	
Receivable not later than 1 year	53.22
Receivable later than 1 year and not later than 5 years	14.58
Receivable later than 5 years	NIL

2.12.3. The Company has taken various residential / commercial premises on cancelable operating leases. These agreements are normally renewed on expiry.

2.12.4. The Company has taken on non-cancelable operating lease certain assets (lands) the future minimum lease payments in respect of which, as at 31st March 2008 are as follows:

Schedule for Notes to Accounts

for the year ended on 31st March 2008

Rupees in Millions

Minimum Lease Payments	
Payable not later than 1 year	11.28
Payable later than 1 year and not later than 5 years	51.34
Payable later than 5 years	348.66

There are no exceptional/restrictive covenants in the lease agreements.

2.12.5. Contingent rent recognised in the Profit and Loss Account is Nil.

2.13. Earnings per Share (EPS)

Particulars	EPS before Extra-ordinary items		EPS after Extra-ordinary items	
	2007-08	2006-07	2007-08	2006-07
Equity Share of Par Value Rs 10/- each				
Net profit (amount used as numerator)	1030.84	730.18	1029.59	747.42
Number of Shares used in computing Earnings per Share (number used as denominator)	9,89,80,821	9,42,06,735	9,89,80,821	9,42,06,735
Basic & Diluted (in Rupees)	10.41	7.93	10.40	7.75

2.14. Deferred Taxation:

During the year, the Company has accounted for Rs 1.60 Million (Previous Year Rs 12.37 Million towards Deferred Tax Assets) towards Deferred Tax Liability and the same has been charged to Profit and Loss Account of the current Year.

2.15. As per the information available with the Company, the principal amount payable to Micro, Small and Medium Enterprises falling under the provisions of Micro, Small and Medium Enterprises Development Act, 2006, Rs 0.52 Million.

2.16. Balances of Debtors and Creditors and Loans and Advances are subject to confirmation.

2.17. Quantitative Details:

The Company is engaged in the business of real estate and property development. Such activity cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under paragraphs 3, 4C, and 4D of Part II of Schedule VI of the Companies Act, 1956.

2.18. The Foreign Exchange Inflow & Outflow:

The details of Foreign Exchange inflow and outflow during the year are as follows:

Rupees in Millions

Particulars	2007-08	2006-07
Inflow:		
Advance for Sale of Units, Lease Deposits & Rentals	176.20	163.29
Outflows:		
i. Professional charges	16.12	14.78
ii. Consultation Fees	0.34	1.79
iii. Others	44.47	29.81

CIF Value of imports during the Year ended 31st March, 2008 is Rs 25.02 Million.

2.19. Contingent Liabilities:

Capital Commitments and Contingent Liabilities on account of:

Rupees in Millions

Particulars	2007-08	2006-07
Capital Commitments not provided in the books	8,436.24	2,904.37
Towards Counter Guarantee to bank for issuing bank guarantee	125.55	11.67
Claims from Government departments not acknowledged as debts	18.17	29.59

2.20. Previous Year Amounts:

The figures of the previous year have been regrouped and reclassified wherever necessary.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan, Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for **Brigade Enterprises Limited**

M.R. Jaishankar
Chairman & Managing Director

M.R. Shivram, Director

A. Anil Kumar
V.P. (Strategic Alliances & Business
Development) and Company Secretary

Part IV

Balance Sheet Abstract & Company's General Business Profile

Registration Details	
(a) Registration No.	19126 of 1995
(b) State Code	08
(c) Balance Sheet Date	31.03.2008
Rupees in Thousands	
Capital raised during the Year:	
(a) Public Issue	1,80,453
(b) Rights Issue	NIL
(c) Bonus Issue	6,72,906
(d) Private Placement	NIL
Position of Mobilisation and Deployment of Funds	
(a) Total Liabilities	1,22,51,360.89
(b) Total Assets	1,22,51,360.89
Sources of Funds	
- Paid-up Capital	11,22,519.40
- Reserves & Surplus	81,38,536.17
- Secured Loans	29,74,905.32
- Unsecured Loans	NIL
Application of Funds	
- Net Fixed Assets	47,85,869.07
- Investments	40,52,154.24
- Net Current Assets	30,99,269.66
- Miscellaneous Expenditure	2,98,909.23
- Accumulated Losses	NIL
- Deferred Tax Asset	15,158.69
Performance of Company	
Turnover	49,53,820.35
Total Expenditure	35,79,772.51
Profit/(Loss) before Tax	13,74,047.84
Profit/(Loss) after Tax	10,29,590.83
Earnings per Share in Rupees	10.40
Dividend Rate (%)	20%
Generic name of Principal Products/Service of the Company	
Item Code No. (ITC Code)	-NA-
Product Description	Construction Activity

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for Brigade Enterprises Limited

M.R. Jaishankar
Chairman & Managing Director

M.R. Shivram
Director

A. Anil Kumar
V.P. (Strategic Alliances & Business
Development) and Company Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company's Interest in Subsidiary Companies

Sl No.	Name of Subsidiary Company	Brigade Hospitality Services Pvt. Ltd	Tetrarch Holdings Pvt. Ltd	Brigade Estates & Projects Pvt. Ltd	Brigade Properties Pvt. Ltd
1.	The financial period of the Subsidiary Company ended on	31st March 2008	31st March 2008	31st March 2008	31st March 2008
2.	Date from which they became Subsidiary Company	1st June 2004	12th June 2006	7th December 2006	16th May 2007
3.	a. Number of Shares held by the Holding Company with its nominees in the Subsidiary at the end of the Financial Year of the Subsidiary Company	1000000	100200	10000	10000
	b. Extent of interest of Holding Company at the end of the Financial Year of the Subsidiary Company.	100%	100%	100%	100%
4.	The Net Aggregate Amount of the Subsidiary Companies' Profit / Loss so far as it concerns the members of the Holding Company				
	a. Not dealt with in the Holding Company's Accounts				
	i) For the Financial Year ended 31.3.2008	NIL	NIL	NIL	NIL
	ii) For the previous Financial years of the Subsidiary Company since they became the Holding Company's Subsidiary	NIL	NIL	NIL	NIL
	b. Dealt with in Holding Company's Accounts				
	i) For the Financial Year ended 31.3.2008	(15.82)	(0.40)	NIL	NIL
	ii) For the previous Financial years of the Subsidiary Company since they became the Holding Company's Subsidiary	(14.00)	0.24	NIL	NIL

for Brigade Enterprises Limited

M.R. Jaishankar
Chairman & Managing Director

M.R. Shivram
Director

A. Anil Kumar
V.P. (Strategic Alliances & Business Development) and Company Secretary

Place: Bangalore
Date: April 25, 2008

Auditors' Report on Consolidated Financial Statements

To the Board of Directors on the Consolidated Financial Statements of **Brigade Enterprises Limited** and its Subsidiaries,

1. We have examined the attached consolidated balance sheet of Brigade Enterprises Limited and its subsidiaries (together referred to as 'the Group' as described in Note 1) as at 31st March 2008, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended, prepared in accordance with Accounting Principles generally accepted in India.
2. These Financial Statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with generally accepted Auditing Standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the Accounting Principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the Financial Statements of the Subsidiary Companies, whose Financial Statement reflect total assets of Rs 70.18 Millions as at 31st March 2008 and the total revenue of Rs 141.04 Millions for the year ended on that date. These Financial Statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate Financial Statements of Brigade Enterprises Limited and its Subsidiaries included in the Financial Statements.
5. We report that, on the basis of the information and according to the explanation given to us, and on the consideration of the separate audit report on individual audit report on individual audited Financial Statements of Brigade Group, we are of the opinion that the said Consolidated Financial Statements, read together with the significant Accounting Policies and notes appearing thereon, subject to paragraph 4.5 and 4.11 of the said notes, give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - a) In case of the Consolidated Balance Sheet, of the state of affairs of the Brigade Group as at March 31 2008;
 - b) In case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Brigade Group for the year ended on that date; and
 - c) In case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Brigade Group for the year ended on that date.

Place: Bangalore
Date: April 25, 2008

for Narayanan, Patil and Ramesh
Chartered Accountants

L.R. Narayanan
Partner
Membership No: 200/25588

Consolidated Balance Sheet

as at 31st March 2008

Rupees in Millions

PARTICULARS	SCH.	31st March 2008	31st March 2007
SOURCES OF FUNDS			
Shareholders, Funds			
Share Capital	A	1,122.52	269.16
Reserves and Surplus	B	8,141.26	1,193.93
		9,263.78	1,463.09
Loan Funds			
Secured Loans	C	2,974.91	2,402.03
Total		12,238.69	3,865.12
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	1,235.85	1,049.81
Less: Depreciation		308.15	216.49
Net Block		927.70	833.32
Capital Work-in-progress		4,060.28	2,205.86
		4,987.98	3,039.18
Investments	E	4,058.27	10.63
Deferred Tax Asset	F	15.17	16.76
Current Assets, Loans & Advances			
Interest accrued but not due		0.19	0.89
Inventories	G	3,023.45	2,259.19
Sundry Debtors	H	29.30	177.57
Cash and Bank Balances	I	188.49	224.65
Loans and Advances	J	3,678.58	1,657.23
		6,920.01	4,319.53
Less: Current Liabilities & Provisions			
Current Liabilities	K	3,454.28	3,174.71
Provisions	L	607.56	356.26
		4,061.84	3,530.97
Net Current Assets		2,858.17	788.56
Miscellaneous Expenditure	M	319.10	9.99
Total (to the extent not Written off or Adjusted)		12,238.69	3,865.12

Notes to Accounts forms an integral part of the Financial Statements.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for **Brigade Enterprises Limited**

M.R. Jaishankar
Chairman & Managing Director

M.R. Shivram
Director

A. Anil Kumar
V.P. (Strategic Alliances & Business
Development) and Company Secretary

Consolidated Profit & Loss Account

for the year ended 31st March 2008

Rupees in Millions

PARTICULARS	SCH.	31st March 2008	31st March 2007
INCOME			
Contract & Other receipts	N	5,071.30	4,112.14
Increase/(Decrease) in closing stock of units		12.28	58.06
Total		5,083.58	4,170.20
EXPENDITURE			
Project & Hospitality Expenses	O	2,925.23	2,641.35
Personnel Expenses	P	340.27	182.56
Administrative and Selling Expenses	Q	245.32	176.86
Interest & Financial Charges	R	37.22	17.08
Depreciation	D	101.04	100.35
Miscellaneous Expenses Written Off	M	74.73	—
Total		3,723.81	3,118.20
Profit Before Tax		1,359.77	1,052.00
Provision for Taxation - Current Taxes	S	(342.15)	(350.90)
Provision for Taxation - Deferred Taxes		(1.60)	12.43
Profit after tax		1,016.02	713.53
Add: Prior Year (Expenses)/Income		(1.25)	19.82
Less: Diminution in value of investments		—	(2.58)
Add: / (Less): Share in Profit/(Loss) of Associates		5.48	2.58
Profit for the Year available for Appropriation		1,020.25	733.35
Appropriations			
Towards Proposed Dividends		224.50	53.83
Towards Tax on Proposed Dividend		38.15	7.55
Profit Transferred to General Reserve		78.71	74.80
Balance carried to Balance Sheet		678.89	597.17
		1,020.25	733.35
Earnings per Share - Basic & Diluted (in Rupees)		10.31	7.78
Nominal Value of Shares		10.00	10.00

Notes to Accounts forms an integral part of the Financial Statements.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for **Brigade Enterprises Limited**

M.R. Jaishankar
Chairman & Managing Director

M.R. Shivram
Director

A. Anil Kumar
V.P. (Strategic Alliances & Business
Development) and Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March 2008

Rupees in Millions

PARTICULARS	As on 31st March 2008	As on 31st March 2007
Cash Flow from Operating Activities		
Net Profit before Tax	1,356.78	1,052.01
Adjustments for:		
Depreciation including Obsolescence & Amortisation	101.04	100.35
Loss/(Profit) on Sale of Assets (Net)	(2.06)	(0.01)
Dividend Income	(77.07)	(0.65)
(Loss)/Profit on Sale of Investments (Net)	0.37	—
Prior year Income/(Expenses)	(1.25)	19.82
Interest Income	(10.28)	(11.59)
Bad Debts	0.31	3.18
Amortisation of Miscellaneous Expenses	65.29	(9.31)
Preliminary Expenses incurred / Written off	-	(0.03)
Interest paid	33.58	141.23
Operating Profit before Working-Capital Changes	1,469.71	1,295.00
Adjustments for:		
Decrease/(Increase) in Sundry Debtors	147.96	(122.76)
Decrease/(Increase) in Inventories	(764.29)	(1,304.66)
Decrease/(Increase) in Loans & Advances	(1,878.03)	(731.93)
Interest accrued, but not due	0.70	—
Income Taxes paid	(596.05)	(194.66)
Increase/(Decrease) in Current Liabilities	288.03	560.13
Net Cash Flow (used in) from Operating Activities	(1,331.97)	(542.88)
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(2,056.34)	(607.96)
Sale Proceeds of Fixed Assets	8.55	0.25
Long-Term Investments (Net)	0.03	0.14
Investments in Mutual Funds (Net)	(4,036.71)	—
Interest Received	10.28	11.59
Dividend Received	77.07	0.65
Loss/(Profit) on Sale of Investments (Net)	(0.37)	—
Net Cash Flow (used in) from Investing Activities	(5,997.49)	(595.33)
Cash Flows from Financing Activities		
Interest Payment	(33.58)	(141.23)
Dividend paid	—	(84.40)
Increase in Share Premium Account	6,857.19	—
Increase in Share Capital / Share Application	270.45	—

PARTICULARS	As on 31st March 2008	As on 31st March 2007
IPO Expenses	(367.04)	—
Other Miscellaneous Expenditure	(6.60)	—
Increase/(Decrease) in Secured Loans	572.89	1,394.73
Increase/(Decrease) in Unsecured Loans	—	(17.93)
Net Cash Flow (used in) from financing activities	7,293.31	1,151.17
Net Increase in Cash and Cash Equivalents	(36.15)	12.96
Cash and Cash equivalents at the beginning of Period	224.65	211.69
Cash and Cash equivalents at the end of Period	188.50	224.65

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for **Brigade Enterprises Limited**

M.R. Jaishankar
Chairman & Managing Director

M.R. Shivram
Director

A. Anil Kumar
V.P. (Strategic Alliances & Business
Development) and Company Secretary

Consolidated Schedules forming part of Balance Sheet as at 31st March 2008

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SCHEDULE A — Share Capital		
Authorised		
15,00,00,000 Equity Shares of Rs 10/- each (Previous year: 3,00,00,000 Equity Shares of Rs 10/- each)	1,500.00	300.00
Issued, Subscribed & Paid Up		
11,22,51,940 Equity Shares of Rs 10/- each (2,69,16,210 Equity shares of Rs 10/- each fully paid-up for Year 2006-07 (Of the above 6,72,90,525 (Nil) Equity Shares of Rs 10/- each were allotted as fully paid-up Bonus Shares by capitalisation of accumulated profits)	1,122.52	269.16
Total	1,122.52	269.16
SCHEDULE B — Reserves & Surplus		
Furniture Fixture and Equipment Reserve		
Opening Balance		
Add: Transfers during the Year from P&L A/c	1.41	—
Closing Balance (A)	1.41	—
Securities Premium Account		
Opening Balance	—	—
Allotment of 1,80,45,205 Equity Shares through Initial Public Offer	6,857.18	—
Closing Balance (B)	6,857.18	—
General Reserve		
Opening Balance	374.55	300.08
Add: Transfers during the Year from P&L A/c	77.30	74.81
Closing Balance (C)	451.85	374.89
Profit & Loss A/c		
Opening Balance	824.84	221.87
Add: Profit for the Year	678.89	597.17
Less: Transferred towards issue of Bonus Shares	(672.91)	—
Closing Balance (D)	830.82	819.04
Total (A+B+C+D)	8,141.26	1,193.93
SCHEDULE C — Secured Loans		
(Refer Notes to Accounts for security offered)		
Loans and Advances from Banks	2,954.17	2,399.57
Interest accrued and due	20.74	0.99
Other Loans	—	1.47
(Term Loans repayable within 1 year is Rs 1,117.70 Million)		
Total	2,974.91	2,402.03

Notes to Accounts forms an integral part of the Financial Statements.

SCHEDULE D — FIXED ASSETS

Rupees in Millions

Sl No.	Particulars	Land	Building	Office Equip- ment Plant & Machinery	Interiors Furnitures & Fixtures	Comp- uters	Vehicles	Intan- gible Assets	Capital WIP	Total
A.	Gross Block	66.30	556.44	122.15	236.64	30.83	37.45	—	2,205.86	3,255.67
B.	Additions for the Year 2007-08	117.92	4041	24.19-	23.34	19.48	11.77	—	2,041.55	2,243.46
C.	Deletions for the Year 2007-08	3.52	0.59	5.28	3.68	—	2.80	—	187.13	203.00
D.	Gross Block - 31st March 08	180.70	560.26	141.86	256.30	50.31	46.42	—	4,060.28	5,296.13
E.	Accumulated Depreciation	—	43.27	54.34	85.61	19.34	13.92	—	—	216.48
F.	Depreciation for the Year 2007-08	—	30.81	14.84	39.90	7.71	7.78	—	—	101.04
G.	Disposal during the Year 2007-08	—	0.06	4.84	2.66	—	1.81	—	—	9.37
H.	Accumulated Depreciation up to 31st March 08	—	74.02	64.34	122.85	27.05	19.89	—	—	308.15
	Net Block as on 31st March 2008	180.70	486.24	77.52	133.45	23.26	26.53	—	4,060.28	4,987.98
	Previous Year	66.30	513.17	67.79	151.05	11.49	23.52	—	2,205.86	3,039.18

Consolidated Schedules forming part of Balance Sheet as at 31st March 2008

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SCHEDULE E — Investments (Long Term)		
A. Investment in Government Securities		
National Savings Certificate	1.24	1.27
B. Unquoted Shares		
5,000 Shares of Diagnostic Research (P) Ltd of Face Value of Rs 10/- each	0.05	0.05
Mantri Housing Ltd - 100 shares	—	—
SI Property Developers Ltd - 100 shares	—	—
1,90,000 Shares of AEC Infotech (P) Ltd of Face Value of Rs 10/- each	1.90	1.90
1,85,000 Shares of Tandem Allied Services (P). Ltd of Face Value of Rs 10/- each	0.74	0.74
Add/(Less): Accumulated Share in Profit/(Loss) of Associate Companies at the beginning of the Year	5.48	4.03
Add/(Less): Change in the share of network pursuant to Profit/(Loss) for the Year	12.08	2.58
C. Quoted Shares (at lower of Cost or Market Value) in:		
Nuchem India Ltd - 6000 shares (Market value as on 31.12.08 is Rs 6.11 per share)	0.04	0.04
Ansal Properties Ltd - 100 shares (Market value as on 31.12.08 is Rs 275.00 per share)	0.01	0.01
Unitech Ltd - 200 shares	0.01	0.01
Total	21.56	10.63
Current Investments		
E. Balance of Un-utilised Monies raised through		
Initial Public Offer Invested in Mutual funds		
Birla Sunlife Liquid Plus - 15157768.786 Units (NAV as on 31.03.2008 is Rs 10.01 per unit)	151.68	—
DSP Merrill Lynch - FMP - 3M - 15067088.096 Units (NAV as on 31.03.2008 is Rs 10.03 per unit)	150.67	—
DWS Credit Opportunities Cash Fund - 39981630.091 Units (NAV as on 31.03.2008 is Rs 10.05 per unit)	401.39	—
Fidelity Liquid Plus Fund - 76182702.7278 Units (NAV as on 31.03.2008 is Rs 10.00 per unit)	761.91	—
HSBC Cash Fund Collection A/c (HSBC Interval Fund Plan III Inst D) - 15266380.779 Units (NAV as on 31.03.2008 is Rs 10.04 per unit)	152.60	—

Schedule E contd...

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
ICICI Prudential Liquid Fund Collection A/c	223.26	—
(ICICI Prudential Interval Fund II Quarterly Interval Plan C - Retail Dividend - Pay Dividend) - 22325754.664 Units		
(NAV as on 31.03.2008 is Rs 10.01 per unit)		
ING Mutual Fund Collection A/c	406.44	—
(Institutional - Daily Div) - 40630953.281 Units		
(NAV as on 31.03.2008 is Rs 10.00 per unit)		
J.M. High Liquidity Fund - 34068718.31 Units	340.82	—
(NAV as on 31.03.2008 is Rs 10.00 per unit)		
LIC MF Liquid Fund - 25744602.669 Units	257.45	—
(NAV as on 31.03.2008 is Rs 10.00 per unit)		
HDFC - FMP - 90D - Wholesale Plan Dividend - 25000000 Units	250.00	—
(NAV as on 31.03.2008 is Rs 10.10 per unit)		
HDFC Cash Management Fund Savings Plus - WP DD - 10411223.281 Units	104.44	—
(NAV as on 31.03.2008 is Rs 10.03 per unit)		
Tata Dynamic Bond Fund - 28562995.687 Units	300.00	—
(NAV as on 31.03.2008 is Rs 10.52 per unit)		
Tata Liquid Fund - 40392627.307 Units	400.00	—
(NAV as on 31.03.2008 is Rs 10.03 per unit)		
Templeton Mutual Fund - 13591329.12 Units	136.05	—
(NAV as on 31.03.2008 is Rs 10.01 per unit)		
Total	4,036.71	—
Total of Long-Term and Current Investments	4,058.27	10.63

Note: Aggregate Market Value of Current Investments as on 31st March 2008 is Rs 4,046.71 Millions

Consolidated Schedules forming part of Balance Sheet as at 31st March 2008

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SCHEDULE F — Deferred Tax Asset		
Fixed Assets	12.04	12.73
Expenses disallowed	3.13	4.03
Total	15.17	16.76
SCHEDULE G — Inventories		
Stock of Materials at sites (at lower of Cost or Net Realisable Value)		
- As Certified by Management	426.96	1.82
Transferable Development Rights	54.11	—
Land Held for Development	969.14	1,103.78
Work in Progress (at lower of Cost or Net Realisable Value)	—	—
- As Certified by Management	1,493.97	1,086.61
Closing Stock of unsold Units (at lower of Cost or Net Realisable Value)	79.27	66.98
Total	3,023.45	2,259.19
SCHEDULE H — Sundry Debtors		
(Unsecured, Considered Good)		
- Outstanding for more than 6 months:		
Debts Due by Entity wherein Director is interested	14.41	27.90
Others (Considered Good)	0.82	1.77
Considered doubtful	0.26	2.32
- Outstanding for Less than 6 months:		
Other Debts, Considered Good	14.07	147.89
	29.56	179.88
Less: Provision for doubtful debts	(0.26)	(2.31)
Total	29.30	177.57
SCHEDULE I — Cash & Bank Balances		
Cash & Cheques in hand	17.44	31.85
Bank Balances with Scheduled Banks		
- in Current Accounts	124.12	157.35
- in Deposit Accounts	46.93	35.45
Total	188.49	224.65

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
Schedule J — Loans and Advances (Unsecured, Considered Good)		
Advances recoverable in cash, kind or value to be received:		
Property Advances	2,461.96	805.42
Contractors/ Suppliers	523.26	477.08
Others	42.86	126.14
Advance Tax/TDS	438.07	198.42
Other Deposits	212.43	50.17
Total	3,678.58	1,657.23
Schedule K — Current Liabilities		
Advances Received from Clients	2,056.29	2,115.72
Sundry Creditors:		
Due to Directors	141.37	11.41
Micro, Small & Medium Scale Enterprises [Note (i) below]	0.52	—
Contractors, Suppliers & Others	1,256.10	1,047.58
[Note (i): As per the information provided by the Company]		
Total	3,454.28	3,174.79
Schedule L — Provisions		
Provision for Income Tax	333.80	348.22
Provision for Fricge Benefit Tax	0.04	0.39
Provision for Leave Encashment & Gratuity	9.84	7.65
Provision for Wealth Tax	0.22	—
Dividend Payable	224.50	—
Tax on Dividend	38.16	—
Total	607.56	356.26
Schedule M — Miscellaneous Expenditure (to the extent not Written Off or Adjusted)		
Initial Public Offer Expenses	367.04	—
Deferred Revenue Expenses	20.10	9.94
Others	6.69	0.05
Less: 1/5th Amortised	(74.73)	—
Less: Amortisation of Defferred Revenue Expenses	—	—
Balance carried forward to Balance Sheet	319.10	9.99

Consolidated Schedules forming part of Profit & Loss Account for the year ended 31st March 2008

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SCHEDULE N — Contract & Other Receipts		
Contract Receipts	4,607.05	3,781.70
Dividend from Investments	76.70	0.65
Interest Received	8.58	11.59
Miscellaneous Income	94.53	108.38
Rent Received	155.30	120.98
Hospitality Income	127.08	88.83
Profit/(Loss) on Sale of Properties/Asset	2.06	0.01
Total	5,071.30	4,112.14
SCHEDULE O — Project Expenses		
Construction Materials		
Cement	175.71	85.80
Concrete Pavers	4.15	4.33
Flush Doors	38.83	7.70
Granite/Marble	19.57	22.16
Hardware Items	11.82	2.23
PVC Windows	14.86	9.15
Steel	856.97	659.38
Tiles	129.91	23.23
Total	1,251.82	813.98
Land and Construction Expenses		
Construction Expenses	2,442.03	1,781.95
Architect & Consultancy Fees	158.08	143.24
Electrical Work and Power Charges	244.29	177.83
Interiors - Projects	202.28	73.88
Miscellaneous Expenses - Construction	36.47	37.82
Land Cost - Projects	601.00	715.71
Land Cost - Capital	279.54	798.60
Rates & Taxes - Projects	30.51	46.96
Other Direct Project Expenses		
Interest - Projects	358.89	148.55
Selling & Administrative Expenses - Projects	94.92	163.26
Miscellaneous Expenses - Projects	0.35	—
Total	5,700.18	4,901.78
Increase/Decrease in Stock and WIP		
Opening Stock	—	83.43
Opening Work-in-Progress - Projects	1,086.61	777.28
Opening Work-in-Progress - Capital	2,205.00	430.99
Less: Cost of Projects Sold/Transferred	(167.44)	(274.39)
Total	3,124.17	1,017.31

Schedule O contd...

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2008
Closing Stock	425.97	—
Closing Work-in-Progress - Projects	1,493.97	1,086.60
Closing Work-in-Progress - Capital	4,043.54	2,205.00
Total	5,963.48	3,291.60
(Increase)/Decrease in value of Stock & WIP	(2,839.31)	(2,274.29)
Hospitality Expenses	64.36	13.86
Total of Project Expenses	2,925.23	2,641.35
SCHEDULE P — Personnel Expenses		
Salaries & Wages	309.58	160.89
Training & Recruitment	2.54	2.52
Staff Welfare	19.68	11.01
Contributions to Funds	8.47	8.14
Total	340.27	182.56
SCHEDULE Q — Administrative and Selling Expenses		
Advertisement & Sales Promotion	73.80	56.35
Agency Commission	4.64	1.02
Bad Debts	0.31	3.18
Communication Expenses	9.00	8.70
Directors' Sitting Fee	0.60	0.42
Discount	6.12	0.94
Donation	5.99	1.57
Miscellaneous Expenses	8.57	13.47
Insurance	3.18	2.32
Legal, Professional & Consultancy Charges	24.52	8.00
Power/Fuel Charges	2.84	9.87
Printing & Stationery	3.65	4.26
Rates & Taxes	9.40	9.68
Rent Paid	55.75	32.77
Repairs & Maintenance	15.44	5.35
Foreign Currency Fluctuation	0.01	0.37
Security Charges	1.62	0.85
Travelling & Conveyance Expenses	19.88	17.07
Amortisation of Deferred Revenue Expenditure	0.72	0.65
Preliminary Expenses Written off	—	0.02
Management Fees	—	—
Total	246.04	176.86

Consolidated Schedules forming part of Profit & Loss Account for the year ended 31st March 2008

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SCHEDULE R — Interest and Financial Charges		
Bank Charges	3.65	4.98
Interest on Bank Loans	33.57	12.10
Total	37.22	17.08
SCHEDULE S — Current Taxes		
Provision for Taxation - Current Taxes	334.24	347.39
Provision for Taxation - Wealth Tax	0.22	—
Fringe Benefit Tax Paid	2.09	2.07
Excess provision for Income Tax Reversed	5.60	1.44
Total	342.15	350.90

Schedule for Notes to Accounts for the Consolidated Financials for the year ending 31st March 2008

1. BACKGROUND:

Brigade Enterprises Limited (formerly known as Brigade Enterprises Private Limited) (referred to as "BEL", "Parent" or "the Company") was incorporated in 1995. The Company is carrying on the business of real estate development. BEL has the following subsidiary / associates as on 31st March 2008:

- Tandem Allied Services Private Limited (referred to as "Tandem"), a company incorporated in India, is an Associate Company wherein 37.00% of its shares are held by the Company and is carrying on the business of Realty, Property Management Services and related financial services.
- AEC Infotech Private Limited (referred to as "AEC"), a company incorporated in India, is an Associate Company wherein 24.74% of its Shares are held by the Company and is carrying on the business of Software and Project Engineering Products and Services.
- Brigade Hospitality Services Private Limited (referred to as "BHSPL"), a company incorporated in India, is a 100% subsidiary of the Company and is carrying on the business of running and managing clubs, serviced residences and convention centres.
- Brigade Estates and Projects Private Limited (referred to as "Brigade Estates"), a company incorporated in India, is a 100% subsidiary of the Company and is carrying on the business of real estate development.
- Tetrarch Holdings Private Limited (referred to as "Tetrarch"), a company incorporated in India, is a 100% subsidiary of the Company and is carrying on the business of real estate development.
- Brigade Properties Private Limited (referred to as "Brigade Properties"), a company incorporated in India, is a 100% subsidiary of the Company and is carrying on the business of real estate development.

The Company, together with its subsidiaries and associates, is hereinafter referred to as "Brigade Group".

2. PRINCIPLES OF CONSOLIDATION:

The Consolidated Financial Statements of the Brigade Group have been prepared in accordance with Accounting Standards (AS 21) on "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India (ICAI).

Consolidated Financial Statements normally include Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, and Notes, other statements and explanatory

material that form an integral part thereof. "Consolidated Cash Flow Statement" is presented in case the Parent presents its own Cash Flow Statement. The Consolidated Financial Statements are presented, to the extent possible, in the same format as that adopted by the Parent for its separate Financial Statements.

The Consolidated Financial Statements include the Financial Statements of the Company and all its Subsidiaries which are more than 50 per cent owned or controlled as at 31st March 2008. Investments in entities that were not more than 50 per cent owned or controlled as at 31st March 2008 have been accounted for in accordance with the provisions of Accounting Standard 13 "Accounting for Investments", or Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the ICAI, as applicable.

The Consolidated Financial Statements have been combined on a line-by-line basis by adding the book values of like items of Assets, Liabilities, Income and Expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance Sheet of the Parent and its share in the post-acquisition increase in the relevant reserves of the entities consolidated. Investments in Associate Companies have been accounted for, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in the Company's share of net assets of the Associate.

Minority interest, if any, represents the amount of equity attributable to minority shareholders at the date on which investment in a subsidiary is made and its share of movements in the equity since that date. Any excess consideration received from minority shareholders of subsidiaries over the amount of equity attributable to the minority on the date of investment is reflected under Reserves and Surplus.

3. SIGNIFICANT ACCOUNTING POLICIES:

3.1. Basis for Preparation of Financial Statements:

The Financial Statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material impact / bearing on the financial statements are recognised on the accrual basis.

Schedule for Notes to Accounts for the Consolidated Financials for the year ending 31st March 2008

3.2. Use of Estimates:

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires Company Management to make estimates and assumptions that affect reported balance of Assets & Liabilities and Disclosures relating to Contingent Assets & Liabilities as of the date of Financials and reported amounts of Income & Expenses during the period. Examples of such estimate include profits expected to be earned on projects carried on by the Company, Contract Costs expected to be incurred to completion of project, provision for Doubtful Debts, Income Taxes, etc. Actual results could differ from these estimates. Differences, if any, between the actual results and estimates are recognised in the period in which the results are known or materialised.

3.3. Expenditure:

Expenses are accounted on the accrual basis and provisions are made for all known Losses and Liabilities.

3.4. Valuation of Inventories & Construction Work-in-Progress:

- a. Valuation of Inventories, representing stock of materials at project site, has been done after providing for obsolescence, if any, at lower of Cost or Net Realisable Value.

Inventories of BHSPL are valued at cost determined on weighted average basis or Net Realisable Value, whichever is lower.

- b. The value of Construction Work-in-progress during the period is determined as follows:
 - The aggregate of opening stock, opening Work-in-progress, cost of construction and construction overheads incurred during the Year as reduced by cost of completed contract transferred to income and closing stock of materials, if any.
 - The value of completed projects intended for immediate sale is considered as an inventory and value of completed projects / units intended to be retained / leased is considered as Fixed Asset.
 - Land held for Development, Work-in-progress, Transferable Development Rights, and Closing Stock of unsold units is valued at Cost or Net Realisable Value, whichever is lower.

3.5. Cash Flow Statement:

Cash Flows are reported using the indirect method, whereby

profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash Flows from regular revenue generating, financing and investing activities of the Company are segregated.

3.6. Events occurring after the date of Balance Sheet:

Material events occurring after the date of Balance Sheet are taken into cognizance.

3.7. Depreciation:

Depreciation in respect of Fixed Assets, is provided adopting Written Down Value Method at the rates provided under Schedule XIV to the Companies Act, 1956, except:

- On Assets held for the purpose of sale, no Depreciation is charged.
- On Assets leased out Depreciation is charged on Straight Line Method over the period of the lease or five years, whichever is lower.

Depreciation is charged on a pro-rata basis for Assets purchased / sold during the Year. Individual assets costing less than Rs 5,000/- is charged off in the year of purchase.

In case of Brigade Hospitality Services Private Limited, Depreciation is provided on the Straight Line Method applying the rates which are more than the corresponding rates specified in Schedule XIV to the Companies Act, 1956.

Nature of Asset	Rate of Depreciation
Plant and Machinery	9.50%
Electric & Electronic Equipments	9.50%
Office & Other Equipments	9.50%
Motor Vehicles	20.00%
Computers & Software	33.33%
Furniture & Fittings	12.00%
Lease Hold Improvements	
a. Borewell	Over a period of 10 Years
b. Others	Over a period of 36 Months

3.8. Revenue Recognition:

- Income from operations is determined and recognised, based on the percentage of completion method, as the aggregate of the Profits earned on the projects completed / under completion and the value of construction work done during the period.

Profit so recognised in respect of individual projects is adjusted to ensure that it does not exceed the estimated overall profit margin. Loss on projects, if any, is fully provided for.

Stage of completion of projects in progress is determined on the basis of the proportion of the Contract Costs incurred, in respect of individual projects for work performed up to the period of the Financial Statements, bear to the estimated total project cost. Income recognised as Contract Revenue during the period is based on the lower of stage of completion as determined above and percentage of actual amount received on Sale (pursuant to agreements entered into by the Company) of the estimated contract value of these projects. Project revenues on new projects are recognised when the stage of completion of each project reaches a significant level, which is estimated to be at least 25%.

The estimates for Sale Value and Contract Costs are reviewed by Management periodically and the cumulative effect of the changes in these estimates, if any, are recognised in the period in which these changes may be reliably measured.

- Interest income is recognised on time basis and is determined by the amount outstanding and rate applicable.
- Dividend income is recognised as and when right to receive payment is established.
- Rental income / lease rentals are recognised on accrual basis in accordance with the terms of agreement.
- Differential income arising on account of any charges collected, including deposits, and the related expenses incurred are recognised in the year of handing over of the flats to the customers.

In case of Brigade Hospitality Services Private Limited, revenue from room rent and facilities are recognised on usage basis.

Subscription received for membership of club(s) is recognised as income on a Straight Line Basis by Amortising the amount received from the year of admission up to the period of expiry of the relevant membership. The balance un-amortised amount received as well as membership fees received for

clubs which are not operational has been shown as a liability under the head 'Deferred Income'. Commission incurred for procurement of members is Amortised and recognised as expense over the same period as the corresponding income.

3.9. Fixed Assets:

Fixed Assets are stated at cost of acquisition including directly attributable costs for bringing the Asset into use, less accumulated depreciation.

3.10. Foreign Currency Transaction:

Foreign Currency Transactions are re-stated at the rates ruling at the time of receipt / payment and all exchange losses / gains arising there from are adjusted to the respective accounts. All monetary items denominated in foreign currency are converted at the rates prevailing on the date of the Financial Statement.

3.11. Investments:

Investments are classified as Current Investments and Long-Term Investments. Long-Term Investments are carried at the cost, unless there is a permanent diminution in value of the investments and Current Investments are carried at the lower of Cost or Market Value.

3.12. Employee Benefits:

a) Short-Term Employee Benefits:

The Employee Benefits payable only within 12 months of rendering the services are classified as Short-Term Employee Benefits. Benefits such as salaries, leave travel allowance, short-term compensated absences etc. and the expected cost of bonus are recognised in the period in which the employee renders the related services.

b) Post-Employment Benefits:

i. Defined Contribution Plans:

The Company has contributed to State Governed Provident Fund scheme, Employee State Insurance scheme and Employee Pension scheme which are defined contribution plans. Contribution paid or payable under the schemes is recognised during the period in which employee renders the related service.

ii. Defined Benefit Plans:

The employees' gratuity is a defined benefit plan. The present value of the obligation under such plan is determined based on the actuarial valuation using

Schedule for Notes to Accounts for the Consolidated Financials for the year ending 31st March 2008

the projected unit credit method which recognises each period of service as giving rise to an additional unit of Employee Benefit Entitlement and measures each unit separately to build up the financial obligation. The Company has an employee gratuity fund managed by Life Insurance Corporation of India (LIC). Actuarial gains or losses are charged to Profit and Loss Account.

- iii. Liability in respect of leave encashment is provided for on actuarial basis using the projected unit credit method same as above.

3.13. Borrowing Costs

Cost of funds borrowed for acquisition of Fixed Assets up to the date the Asset is put to use is added to the Value of the Assets.

3.14. Earnings per Share:

Basic Earning per Share is computed by dividing Net Income by the weighted average number of common stock outstanding during the period.

The number of Shares used in computing diluted earnings per Share comprises the weighted average shares considered for deriving basic Earning per Share, and also the weighted average number of Equity Shares that could have been issued on the conversion of all dilutive potential Equity Shares. The diluted potential Equity Shares are adjusted for the proceeds receivable, had the Shares been actually issued at Fair Value (i.e., the average Market Value of the outstanding Shares). Diluted potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

3.15. Provision for Taxation:

Deferred Tax is recognised, subject to the consideration of prudence, in respect of Deferred Tax Assets or Liabilities, on timing differences, being the difference between Taxable Incomes and Accounting Incomes that originate in one period, and are reversible in one or more subsequent periods.

The provision for taxation is made on Taxes Payable Method after considering the effect of Deduction under Section 80IB of the Income Tax Act, 1961, wherever it is applicable.

16. Impairment of Assets:

At the end of each year, the Company determines whether a provision should be made for Impairment Loss on Fixed Assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard-28

“Impairment of Assets” issued by the Institute of Chartered Accountants of India, where the recoverable amount of any Fixed Asset is lower than its carrying amount, a provision for impairment loss on Fixed Assets is made for the difference.

3.17. Provisions:

Provision is recognised when an enterprise has a present obligation as a result of past event and is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on Management estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimate.

3.18. Amortisation of Miscellaneous Expenditure:

Expenses incurred towards Initial Public Offer and other deferred expenses classified under Miscellaneous Expenditure are written off equally over a period of 5 years.

4. NOTES ON ACCOUNTS (forming an integral part of Accounts)

4.1. Share Capital:

Issued, Subscribed and paid-up Capital of the Company of 11,22,51,940 (Previous year 2,69,16,210) Equity Shares includes:

- 5,00,000 (Previous Year 5,00,000) Equity Shares of Rs 10/- each fully paid-up, issued as Bonus Shares in 1996; 71,77,656 (Previous Year 71,77,656) Equity Shares of Rs 10/- each fully paid-up, issued as Bonus Shares during 2004-05; 1,61,49,726 (Previous Year 1,61,49,726) Equity Shares of Rs 10/- each fully paid-up, issued as Bonus Shares during 2005-06; and 6,72,90,525 Equity Shares of Rs 10/- each Fully paid up issued as Bonus Shares during the Year 2007-08.
- 6,22,628 (Previous Year 16,22,628) Equity Shares allotted as fully paid-up on amalgamation of the erstwhile Brigade Developers Private Limited with the Company in the year 2001-02. This includes 9,000 Equity Shares allotted in lieu of Bonus Shares issued to the shareholders of the erstwhile Brigade Developers Private Limited.
- 68,400 (Previous Year 68,400) Equity Shares allotted as fully paid-up on amalgamation of the erstwhile Brigade Investments Private Limited with the Company in the year 2001-02.

4.2. Initial Public Offer Proceeds and its Utilisation:

During the year the Company has raised money through

an Initial Public Offer by issuing 1,80,45,205 Shares as fully paid-up shares of Rs 10/- each at a premium of Rs 380/- per Share. Details of Deployment of IPO Proceeds are as Follows:

Rupees in Millions	
Utilisation of Funds	
Acquisition of Land	1,198.77
Construction & Development of Ongoing Projects	48.85
General Corporate Purpose	1,386.26
Initial Public Offer Expenses	367.04
Un-utilised Amount invested in Mutual Funds	4,036.71
Total	7,037.63

4.3. Disclosure pursuant to Accounting Standard 7 (Revised):

Rupees in Millions	
Particulars	
Contract Revenue recognised as Revenue in the Year	4,607.05
Contract Cost incurred and recognised Profits (less recognised Losses) up to the reporting date	8,087.68
Advances Received from Customers	1,734.19

4.4. Warranty Costs:

The Parent Company has not recognised Warranty Cost relating to sale of unit / property, since such costs, if any, are covered by a corresponding warranty from the Company's contractors / vendors. This cost, if any, is recognised as and when incurred by the Company.

4.5. Gratuity Plan:

The following table spells out the status of the gratuity plan as required under AS-15 (revised).

Particulars	As at 31st March 2008	As at 31st March 2007	
Obligations at the beginning of the Year	5.55	3.92	
Service Cost	2.45	1.28	
Interest Cost	0.42	0.29	
Benefits Settled	(1.01)	(0.19)	
Actuarial (Gain) / Loss	(0.21)	(0.22)	
Obligations at the end of the Year	7.21	5.08	
Change in Plan Assets			
Plan Assets at the beginning of the Year, at Fair Value	2.75	2.05	
Expected Return on Plan Assets	0.23	0.16	
Contributions	1.07	0.73	
Benefits Settled	1.01	(0.19)	
Actuarial Gain / (Loss)	NIL	NIL	
Plan Assets at the end of the Year, at Fair Value	3.05	2.75	
Reconciliation of Present Value of the Obligation and the Fair Value of the Plan Assets			
Fair Value of Plan Assets at the end of the Year	4.08	2.75	
Present Value of the defined benefit obligation at the end of the year	6.18	5.08	
Asset / (Liability) recognised in the Balance Sheet	(4.16)	(2.33)	
Gratuity Cost for the Year			
Service Cost	2.45	1.28	
Interest Cost	0.42	0.29	
Expected Return on Plan Assets	0.23	(0.17)	
Actuarial (Gain) / Loss	(0.21)	(0.21)	
Net Gratuity Cost	2.42	1.19	
Assumptions	BEL	BHSPL	
Interest Rate	7.50%	8.00%	7.50%
Expected Rate of Return on Plan Assets	7.50%	8.00%	7.50%
Expected Rate of Salary Increase	7.00%	6.00%	7.00%
Attrition Rate	9.00%	10.00%	9.00%
Retirement Age	58 Years		58 Years

Schedule for Notes to Accounts for the Consolidated Financials for the year ending 31st March 2008

The above figures for the year ended 2007 does not represent the Gratuity Plan in respect of Brigade Hospitality Services Private Limited, a Subsidiary Company, as actuarial calculations were not carried out. The assumptions used by BHSPL, a Subsidiary Company, for the year ended 31st March, 2008, being different are shown separately.

4.6. Related Party Disclosure:

Related Party Disclosures, as required by AS-18, "Related Party Disclosures" are given below:

4.6.1. Relationships:

Associated Companies	Other related parties where common control exists	Key Managerial Personnel (KMP)	Relatives of Key Managerial Personnel
AEC Infotech Pvt. Ltd	Mysore Holdings Pvt. Ltd	Mr M.R. Jaishankar, Chairman and Managing Director	Ms Nirupa Shankar (Daughter of KMP) Ms Pavithra Shankar (Daughter of KMP) Mr M.K. Shivaraj Harsha (Relative of KMP)
Tandem Property Management Services Pvt. Ltd	Brigade Foundation	Ms Githa Shankar, Executive Director	Mr M.R. Shivaraj (Relative of KMP) Mr M.S. Amar (Relative of KMP) Mr M.R. Gurumurthy (Relative of KMP) Ms Latha Shivaraj (Relative of KMP) Mr A.A. Ramesh Kumar (Relative of KMP) Mr B.S. Adinarayana Gupta (Relative of KMP) Ms G.R. Arundathi (Relative of KMP) Mr M.R. Krishna Kumar (Relative of KMP) Mr M.S. Ravindra (Relative of KMP)

4.6.2. The following transactions were carried out with the related parties in the ordinary course of business:

Rupees in Millions

Particulars	Tandem	Mysore Holdings	Brigade Foundation	AEC	Key Managerial Personnel	Relatives of Key Managerial Personnel
Sale of materials / finished goods / services	0.30	199.10	0.34	2.23	5.61	17.98
Purchase of material / finished goods / services / Other expenses	33.01	NIL	5.20	12.98	4.48	493.21
Guarantees outstanding	NIL	NIL	NIL	NIL	NIL	NIL
Outstanding receivables/ (payables), as at 31.03.2008	(8.18)	8.03	14.41	(0.16)	(138.96)	(41.51)
Remuneration paid to Executive Directors	NIL	NIL	NIL	NIL	152.43	NIL

Details with respect to salary paid to whole-time Directors are mentioned elsewhere in the Notes.

4.7. Assets given under Operating Lease:

The Parent Company has given certain Assets on Operating Lease. Details of Assets given under Operating Lease are as under:

Rupees in Millions

Description of Asset	Gross Carrying amount as at 31-03-08	Accumulated Depreciation	Depreciation for the Year	Acc. Impairment Loss
Building (cost incurred) & Equipments in 'Brigade Software Park'	7.14	NIL	NIL	NIL
Building and Equipments at 'Brigade Seshamahal'	30.29	1.85	0.92	NIL
Building, Interiors and Equipments at 'Brigade South Parade'	191.75	61.47	17.78	NIL
Building, Interiors and Equipments at 'Brigade Plaza'	23.47	5.55	1.97	NIL
Building, Interiors and Equipments at 'Brigade Court'	34.48	17.97	5.00	NIL
Interiors at 'Brigade Techpark 2'	38.84	9.05	7.73	NIL
Building, Interiors, and Equipment at 'Brigade Homestead-2'	77.88	8.27	6.64	NIL

The Company has given various residential / commercial premises on cancelable operating leases. These agreements are normally renewed on expiry.

Company has given on non-cancelable operating lease certain Assets (lands) the future minimum lease receivables in respect of which, as at 31st March 2008 are as follows:

Rupees in Millions

Minimum Lease Payments	
Receivable not later than one year	53.75
Receivable later than one year but not later than 5 years	14.58
Receivable later than 5 years	NIL

The Company has taken various residential / commercial premises on cancelable operating leases. These agreements are normally renewed on expiry.

The Company has taken on non-cancelable operating lease certain Assets (lands) the future minimum lease payments in respect of which, as at 31st March 2008 are as follows:

Rupees in Millions

Minimum Lease Payments	
Payable not later than 1 year	11.28
Payable later than 1 year and not later than 5 years	51.33
Payable later than 5 years	348.66

There are no exceptional / restrictive covenants in the lease agreements.

Contingent rent recognised in the Profit and Loss account is Nil.

4.8. Earnings per Share (EPS)

Particulars	EPS before Extra-ordinary items		EPS after Extra-ordinary items	
	2007-08	2006-07	2007-08	2006-07
Equity Share of Par Value Rs 10/- each Net profit (in Millions) (amount used as numerator)	1016.03	1020.26	713.54	733.36
Number of Shares used in computing Earnings per Share (number used as denominator)	9,89,80,821	9,89,80,821	9,42,06,735	9,42,06,735
EPS (Basic & Diluted) (in Rupees)	10.26	10.31	7.57	7.78

4.9. Deferred Taxation:

During the Year, the Company has accounted for Rs 1.60 Millions (Previous Year 12.43 Millions towards Deferred Tax Assets) towards Deferred Tax Liability and the same has been charged to Profit and Loss Account of the current year.

Schedule for Notes to Accounts for the Consolidated Financials for the year ending 31st March 2008

4.10. Contingent Liabilities:

Capital Commitments and Contingent Liabilities on account of:

Rupees in Millions		
Particulars	2007-08	2006-07
Claims from Govt Department not acknowledged as Debts	18.17	29.59
Counter Guarantee to Bank for issuing Bank Guarantee	125.55	11.67
Capital Commitments not provided in the books	8436.24	2903.37

4.11. Non Adjustment Items:

4.11.1 Disclosure pursuant to AS-23:

Depreciation:

The Depreciation policy adopted by Tandem (an Associated Company) is Straight Line Basis as per the rates prescribed in Schedule XIV. This differs from the depreciation policy adopted by the Company as indicated in Clause 3.7 of the Accounting Policies given above.

Gratuity and Leave Encashment:

Gratuity Liability of Tandem and AEC (Associated Companies) are based on actual basis, whereas the Company follows actuarial method for the purpose of Gratuity Liability Calculation. Tandem and AEC (Associated Companies) have not provided leave encashment liability and expenses are considered on cash basis.

This differs from the Policy on Employee Benefits adopted by the Company as indicated in Clause 3.12 of the Accounting Policies given above.

4.11.2. Disclosure pursuant to AS-21:

Depreciation:

Depreciation in respect of Assets of BHSPL, wholly owned subsidiary of Brigade Enterprises Limited is computed on Straight Line Method as against written down value method

which is followed by the Company. However, no adjustments have been made for any periods since such depreciation is not for like transactions or other events in similar circumstances as those of the Company. The written down value of Fixed Assets amounting to Rs 185.37 Millions out of Fixed Assets amounting to Rs 927.70 Millions and depreciation for the year amounting to Rs 15.50 Millions out of total Depreciation amounting to Rs 101.04 Millions relates to BHSPL.

4.12. Current liabilities include a sum of Rs 321.62 Millions being Deferred Income of BHSPL from membership of clubs.

4.13. The Foreign Exchange Inflow & Outflow:

The details of Foreign Exchange inflow and outflow during the year are as follows:

Rupees in Millions		
Particulars	2007-08	2006-07
Inflow:		
Advance for Sale of Units, Lease deposits & Rentals	176.20	163.29
Outflow:	16.12	14.78
i. Professional charges	0.34	1.79
ii. Consultation Fees		
iii. Others (which includes IPO expenses, Rent Deposits and Other expenses)	44.45	29.81

CIF Value of imports during the year ended 31st March 2008 is Rs 25.02 Millions.

4.14. Balances of Debtors and Creditors and Loans and Advances are subject to confirmation.

4.15 As per the information available with the Parent Company, the Principal Amount payable to micro, small and medium enterprises falling under the provisions of Micro, Small and Medium Enterprises Development Act, 2006, is Rs 0.52 Millions.

In case of AEC Infotech Private Limited, the Company does not owe amount to any micro, small and medium enterprises Registered under the Micro, Small and Medium Enterprises Development Act, 2006 as on 31st March 2008, which is due for a period more than 45 days from the date of supply of goods or services.

In case of Brigade Hospitality Service Private Limited (a 100% Subsidiary Company), and Tandem Allied Services Private

Limited (an Associate Company), the companies are in the process of compiling necessary data regarding the status of creditors under the Micro, Small and Medium Enterprises Development Act, 2006. Consequently, the disclosure under the Act has not been furnished.

4.16. Previous year Amounts:

The figures of previous year have been regrouped and reclassified wherever necessary.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for Brigade Enterprises Limited

M.R. Jaishankar
Chairman & Managing Director

M.R. Shivram
Director

A. Anil Kumar
V.P. (Strategic Alliances & Business
Development) and Company Secretary

Brigade Enterprises Limited Subsidiary Companies' Annual Report 2007-08

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To
The Members,

Your Directors have pleasure in presenting the Fourth Annual Report of the Company, along with the Audited Statement of Accounts, for the year ended 31st March 2008.

Financial Highlights:

The financial highlights of the Company for the year ended 31st March 2008 is as follows:

Rupees in Millions		
Particulars	2007-08	2006-07
Turnover	141.21	93.44
Depreciation	15.50	13.10
Profit before Tax	(13.88)	(16.37)
Provision for Taxation: Fringe Benefit Tax Deferred	0.55	0.28 (0.06)
Net Profit after Tax	(14.42)	(16.59)
F & FE Reserve	1.41	—
Balance in Profit & Loss Account brought forward from previous year	(15.40)	1.19
Balance carried to Balance Sheet	(31.24)	(15.40)

Operations during the Year:

Your Company is managing serviced residences in the name of "Brigade Homestead", at Bangalore. A total of 87 units were managed during the Year. Managing of serviced residences is expected to generate higher revenue in the future.

The Company is aggressively promoting the membership in The Woodrose Club. Break even has been achieved by the club in the current year. Membership, as well occupancy level, at the club are increasing steadily.

The management of the Augusta Club was taken by your Company in the previous year. A sales turnover of Rs 1.25 Million has been achieved by the club during the Year.

MLR Convention Centre has achieved a sales turnover of Rs 7.79 Million. Aggressive efforts are being taken to market the Convention Centre.

The Company, alongwith its Holding Company, has entered into (i) a Memorandum of Understanding with AAPC Hotels Management Pte Limited, a member of the Accor Asia Pacific Group, for the management of the Mercure Homestead Residences at Koramangala, Bangalore (ii) Management Agreement with InterContinental Hotels Pvt. Ltd. for the management of the proposed Holiday Inn

Hotel at Devanahalli, Bangalore. The Company believes that Bangalore & South Indian markets are quite vibrant and provide a conducive environment for hospitality projects, including the serviced residences.

There is huge demand for serviced residences in Bangalore due to presence of multi-national companies in the city. Lack of many quality projects and players in the Hospitality sector, coupled with expansion plans of the Company in the near future to cover the entire gamut of activities in the Hospitality sector, would make your Company one of the leading players in the Hospitality sector in South India.

Directors:

None of the Directors of the Company are disqualified under Section 274(1)(g) of the Companies Act, 1956.

Directors' Responsibility Statement:

As stipulated under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:-

- That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures.
- That the Directors had selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period.
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors had prepared the annual accounts on a going concern basis.

Conservation of energy, technology absorption and Foreign Exchange earnings and outgo:

The provisions of Section 217(1)(e) of the Companies Act, 1956, relating to the conservation of energy and technology absorption, are not applicable to the Company.

There are no income or expenditure in Foreign Currency earned or incurred during the Year.

Particulars of employees under Section 217(2a):

The employees of the Company who are in receipt of remuneration in excess of the limits prescribed in Section

217(2A) of the Companies Act, 1956, during the Year under review is contained in Annexure A.

Auditors:

The present Auditors, M/s B.K. Ramadhyani & Co., Chartered Accountants, Bangalore, retire as Auditors of the Company at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Compliance Certificate under Section 383(a) of the Companies Act, 1956:

A Compliance Certificate as required under Section 383a(1) of the Companies Act, 1956, from the practicing Company

Secretary as to the Compliance with all the provisions of the Companies Act, 1956, is attached to this Board's Report.

Acknowledgement:

Your Board of Directors would like to express its appreciation to all the Company's valued customers—Shareholders, Consultants, Contractors, Suppliers and Agents—for their support and continued patronage. The Directors are also grateful for the co-operation of the Regulatory Authorities.

The Board further wishes to record their sincere appreciation to the employees of the Company whose efforts, hard work and dedication has enabled the Company to achieve the targets and recognitions.

Place: Bangalore
Date: April 16, 2008

For and on behalf of the Board
for Brigade Hospitality Services Pvt. Ltd

M.R. Jaishankar
Managing Director

Githa Shankar
Director

Annexure "A"

Information as per Section 217(2a) of the Companies Act, 1956, read with Companies (particulars of employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March 2008.

Sl No.	Name of the Employee	Designation	Qualification	Age (Years)	Joining Date	Experience (Years)	Gross Remuneration (Rs) Annual	Last Employment	Last Designation
1	Mr Vineet Verma	Chief Executive Officer	BSc.	48	31-Jul-06	28	3,285,755	Bengal Ambuja Metro Development Pvt. Ltd	CEO

1. We have audited the attached Balance Sheet of Brigade Hospitality Services Private Limited, Bangalore, as at 31st March 2008, the Profit and Loss Account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the Accounting Principles used and significant estimates made by the Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of Account as required by Law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of Account.
 - d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956. (Except for Accounting Standards on Employee benefits, the Company has not obtained actuarial valuation as at 31st March 2007 in respect of gratuity and leave encashment and hence the difference between transitional liability and the liability that has been recognised as at 31st March 2007 have not been adjusted against the opening balance of the reserves and surplus but debited to profit & loss account of the current year. The impact of overstatement or understatement of loss cannot be ascertained hence disclosure under AS15 has not been made).
 - e) On the basis of written representations received from the Directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2008 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) The cash balance in the books include cash on hand Rs 7.267 Million which is in the nature of advance.
 - g) In our opinion and to the best of our knowledge and according to the information and explanations given to us, the said Accounts read with the other Notes and Schedules give the information as required by the Companies Act, 1956, in the manner so required, subject to Para 4 (d) & (f) above give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31.3.2008; and
 - ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

Place: Bangalore
Date: April 16, 2008

for B.K. Ramadhyani & Co.
Chartered Accountants

R. Satyanarayana Murthi
Partner
Membership No: 24248

As referred to in Para 3 of the Auditors' Report to the members of Brigade Hospitality Services Private Limited, Bangalore.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- (b) All these assets have been physically verified by the Management during the Year and the programme of such verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the Year, there has been no substantial sale / disposal of Fixed Assets.
2. (a) Inventories have been physically verified during the Year by the Management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has not granted any loans or taken any loans from the companies covered in the register maintained under Section 301 of the Companies Act, 1956. Hence Clause 4 (iii) of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, Fixed Assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. According to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956. Hence Clause 4 (v) of the Order is not applicable.
6. The Company has not accepted any deposits from the public during the year as referred to in Section 58A & 58AA of the Act. Hence Clause 4 (vi) of the Order is not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of the business.
8. In our opinion, the maintenance of cost records has

not been prescribed by the Central Government under Clause (d) of Sub-section (1) of Section 209 of the Act.

9. a. The Company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Cess and other internal statutory dues applicable.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31.3.2008 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
10. In our opinion, the accumulated losses of the Company at the end of the financial year has exceeded its Net Worth. The Company has not incurred cash loss during the financial year covered by our audit however, there was a cash loss in the immediately previous year.
11. The Company has not taken any loans from financial institutions, banks or issued debentures. Hence, Clause 4 (xi) of the Order is not applicable.
12. The Company has not granted loans and advances on the basis of security by way of pledge of Shares, Debentures and other securities and hence the provisions of Clause 4 (xii) of the Order are not applicable to the Company.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in Shares, Securities, Debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. The Company has not given guarantees for loans taken by others from banks or financial institutions and hence the provisions of Clause 4(xv) of the Order is not applicable.
16. In our opinion, the Company has not taken any term loan during the Year, hence the provisions of Clause 4 (vi) of the Order is not applicable.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised for short-term have been used for long-term investment.

18. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares during the Year to parties and companies covered in the register maintained under Section 301 of the Companies Act. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
19. According to the information and explanations given to us, there are no Debentures issued by the Company and hence provisions of Clause 4(xix) of Order regarding creation of securities are not applicable.
20. The Company has not made any Public Issue during the Year and hence provisions of Paragraph 4(xx) of the order regarding end use of money is not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company during the Year has been noticed or reported during the course of our audit.

Place: Bangalore
Date: April 16, 2008

for B.K. Ramadhyani & Co.
Chartered Accountants

R. Satyanarayana Murthi
Partner
Membership No: 24248

Balance Sheet

as at 31st March 2008

BRIGADE HOSPITALITY
SERVICES PVT. LTD

Rupees in Millions

	SCH.	As at 31st March 2008	As at 31st March 2007
SOURCES OF FUNDS			
Shareholders' Funds:			
Capital	A	10.00	10.00
Share application money pending allotment		90.00	—
Reserves and Surplus	B	1.41	—
		101.41	10.00
Long-Term Funds:			
Deferred Income	C	321.62	247.37
Total		423.03	257.37
APPLICATION OF FUNDS			
Fixed Assets (at cost)			
Gross Block	D	219.04	92.97
Less: Depreciation		33.66	185.38
			18.32
			74.65
Capital Work-in-progress	D	16.74	0.86
Investments:	E	0.01	0.01
Current Assets, Loans & Advances:			
Inventories	F	1.00	1.81
Sundry Debtors		9.29	8.06
Cash and Bank Balances		67.45	48.27
Loans and Advances		116.82	125.28
		194.56	183.43
Less: Current Liabilities & Provisions			
Liabilities	G	23.05	24.70
Provisions		1.95	2.22
		25.00	26.92
Net Current Assets		169.56	156.51
Deferred Revenue Expenses		20.10	9.94
Profit & Loss Account		31.24	15.40
Total		423.03	257.37
Notes and Additional Information			
Balance Sheet Abstract and Company's General Business Profile	O		

Note: Schedules referred to above, and the notes attached, form an integral part of the Balance Sheet.

In accordance with our Report attached
for **B.K. Ramadhyani & Co.**
Chartered Accountants

R. Sathyanarayana Murthi
Partner
Membership No. 24248

Place: Bangalore
Date: April 16, 2008

For and on behalf of the Board
for **Brigade Hospitality Services Pvt. Ltd**

M.R. Jaishankar
Managing Director

Githa Shankar
Director

Profit & Loss Account

for the year ended 31st March 2008

BRIGADE HOSPITALITY
SERVICES PVT. LTD

Rupees in Millions

	SCH.	As at 31st March 2008	As at 31st March 2007
INCOME			
Turnover	H	128.29	86.10
Membership Fees Amortised / received		4.32	2.80
Profit on Sale of Fixed Assets		0.07	0.00
Other Income	I	8.53	4.54
		141.21	93.44
EXPENDITURE			
Consumption of Materials	J	21.10	14.66
Operating Expenses	K	53.32	36.76
Employee Related Expenses	L	34.55	23.21
Administrative Expenses	M	30.44	22.07
Loss on Sale of Fixed Asset		0.18	0.00
Depreciation on Fixed Assets	D	15.50	13.10
		155.08	109.81
PROFIT / (LOSS) BEFORE TAX FOR THE YEAR		(13.88)	(16.37)
Provision for Fringe Benefit Tax		(0.55)	0.28
Deferred Tax Adjustment		—	(0.06)
		0.55	0.22
PROFIT / (LOSS) AFTER TAX FOR THE YEAR		14.42	(16.59)
F & FE Reserve		1.41	—
Balance in Profit & Loss Account brought forward from previous year		(15.40)	1.19
Balance being surplus carried to Balance Sheet		(31.24)	(15.40)
Earnings per Share after Tax (Rs per Equity Share of Rs 10 each)		14.42	(16.59)
Basic & Diluted (a / b)			
No. of Weighted average Shares used in computing Earnings per Share		1.00	1.00
Basic & Diluted (b)			
Notes and Additional Information	N		
Balance Sheet Abstract and Company's General Business Profile	O		

Note: Schedules referred to above, and the notes attached, form an integral part of the Profit and Loss Account.

In accordance with our Report attached
for **B.K. Ramadhyani & Co.**
Chartered Accountants

R. Sathyanarayana Murthi
Partner
Membership No. 24248

Place: Bangalore
Date: April 16, 2008

For and on behalf of the Board
for **Brigade Hospitality Services Pvt. Ltd**

M.R. Jaishankar
Managing Director

Githa Shankar
Director

Cash Flow Statement

for the year ended 31st March 2008

BRIGADE HOSPITALITY
SERVICES PVT. LTD

PARTICULARS	As on 31st March 2008	As on 31st March 2007
A. Cash Flow from Operating Activities		
Net Loss before Taxation & prior period items	13.87	16.37
Adjusted for:		
Depreciation	15.50	13.10
Amortisation of Deferred Revenue Expenditure	0.72	0.65
Loss on Sale of Fixed Assets	0.18	
Profit on Sale of Fixed Assets	-0.07	
Interest received	-1.70	-0.04
Membership fee Amortised	-4.32	-2.80
	10.31	10.90
Operating Profit/(Loss) before Working-Capital Changes	-3.56	-5.47
Movement in Working Capital:		
Decrease/(Increase) in Sundry Debtors	-1.22	-3.12
Decrease/(Increase) in Inventories	0.81	0.92
Decrease/(Increase) in Loans & Advances	13.30	-42.98
Decrease/(Increase) in Current Liabilities & Provisions	-1.76	11.79
	11.13	-33.39
Cash (used in) / generated from Operations	7.58	-38.85
Direct Tax paid including Fringe Benefit Tax (Net of Refunds)	-5.56	-5.61
Net cash (used in) / generated from Operating Activities	2.01	-44.47
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets and changes in Capital Work-in-progress	-142.89	-34.90
Sale Proceeds of Fixed Assets	0.67	0.04
Interest Received	1.70	0.04
Deferred Revenue expenses	-10.88	-9.96
Net Cash used in Investing Activities	-151.40	-44.77
C. Cash Flows from Financing Activities		
Proceeds from new membership	78.56	123.38
Share Application money	90.00	
Net Cash generated from Financial Activities	168.56	123.38
Net change in Cash and Cash Equivalents (A+B+C)	19.18	34.14
Cash and Cash Equivalents at the beginning of the Year	48.27	14.13
Cash and Cash Equivalents at the end of the Year	67.45	48.27

In accordance with our Report attached
for **B.K. Ramadhyani & Co.**
Chartered Accountants

R. Sathyanarayana Murthi
Partner
Membership No. 24248

Place: Bangalore
Date: April 16, 2008

for Brigade Hospitality Services Pvt. Ltd

M.R. Jaishankar
Managing Director

Githa Shankar
Director

Schedules forming part of Balance Sheet

as at 31st March 2008

BRIGADE HOSPITALITY
SERVICES PVT. LTD

Rupees in Millions

	As at 31st March 2008	As at 31st March 2007
SCHEDULE A — Share Capital		
Authorised:		
5,000,000 Equity Shares of Rs 10 each	50.00	5.00
	50.00	5.00
'Issued, Subscribed, Called-up & Paid-up:		
1,000,000 Equity Shares of Rs 10 each	10.00	10.00
	10.00	10.00
SCHEDULE B — Reserves & Surplus		
F & FE Reserve	1.41	—
	1.41	—
SCHEDULE C — Long Term Funds		
Deferred Income		
- From Clubs which are Operational	169.01	121.56
- From Clubs which are Non-operational	152.61	125.81
	321.62	247.37

Note: Schedules referred to above, and the notes attached, form an integral part of the Balance Sheet.

SCHEDULE D — FIXED ASSETS

Rupees in Millions

Sl No.	Fixed Assets	GROSS BLOCK (at Cost)				DEPRECIATION BLOCK				NET BLOCK	
		As at 1-Apr-07	Additions / Adjustments during the Year	Deductions Adjustments during the Year	As at 31-Mar-08	As at 1-Apr-07	Depreciations/ Adjustments during the Year	Deductions Adjustments during the Year	As at 31-Mar-08	As at 31-Mar-08	As at 31-Mar-07
A	Land	—	117.92	—	117.92	—	—	—	—	117.92	—
B	Plant & Machinery	26.91	0.62	0.15	27.39	3.08	2.63	0.06	5.65	21.74	23.83
C	Electronic & Electrical Items	8.47	1.19	0.21	9.45	1.48	1.02	0.03	2.47	6.98	6.99
D	Office & Other Equipments	3.37	0.82	—	4.20	0.50	0.44	—	0.94	3.25	2.87
E	Motor Vehicles	2.77	2.83	—	5.60	0.48	1.02	—	1.51	4.09	2.28
F	Computers & Software	6.29	1.82	—	8.11	2.17	2.53	—	4.70	3.41	4.12
	Furniture & Fittings	32.79	1.42	—	34.22	9.24	3.92	—	13.16	21.06	23.56
	Leasehold Improvements	12.37	0.39	0.59	12.17	1.37	3.94	0.07	5.24	6.92	11.00
	Total	92.97	127.01	0.94	219.04	18.32	15.50	0.16	33.66	185.38	74.65
		6.37	51.06	—	57.43	0.40	4.81	—	5.21		
G	Capital Work-in-progress	0.86	16.74	0.86	16.74	—	—	—	—	16.74	0.86
		93.83	143.75	1.80	235.77	18.32	15.50	0.16	33.66	202.12	75.51

Rupees in Millions

	As at 31st March 2008		As at 31st March 2007	
SCHEDULE F — Current Assets, Loans & Advances				
A. Inventories (As Certified by the Managing Director)				
Food & Beverages	0.44		0.44	
Sports Supplies	—		0.00	
Saloon Supplies	0.09		0.14	
Crockery & Cutlery	—		0.91	
Others	0.47		0.32	
		1.00		1.81
B. Sundry Debtors (Unsecured):				
Debts Outstanding for a period exceeding six months:				
Considered Doubtful				
Less: Provision				
Others considered good	9.29	9.28	8.06	8.06
C. Cash and Bank Balances				
Cash on hand	7.39		10.21	
Cheques on hand	0.02		—	
Balances with Scheduled Banks:				
(i) on Current Accounts	25.54		38.07	
(ii) Fixed Deposits with Banks	34.50		—	
		67.45		48.27
D. Loans and Advances				
(Unsecured and Considered Good, unless otherwise stated) Advances recoverable in cash or in kind or for value to be received				
Considered Good	10.11		95.99	
Due from Holding Company	—		18.98	
Lease Deposit paid	91.56		—	
	101.67		114.97	
Advance Income Tax	15.15		10.31	
		116.82		125.28
Total (A)+(B)+(C)+(D)	194.56		183.43	

Schedules forming part of Balance Sheet
as at 31st March 2008

BRIGADE HOSPITALITY
SERVICES PVT. LTD

Rupees in Millions

	As at 31st March 2008	As at 31st March 2007
SCHEDULE G — Current Liabilities & Provisions		
LIABILITIES		
Sundry Creditors - Others	18.21	23.07
Other Liabilities	4.03	1.54
Due to Holding Company	0.32	—
Advance received from Members	0.48	0.09
	23.05	24.70
PROVISIONS		
Provision for Leave Enchashment	0.91	1.01
Provision for Taxation	0.10	0.82
Provision for Fringe Benefit Tax	0.94	0.39
	1.95	2.22
	24.99	26.92

Note: Schedules referred to above, and the notes attached, form an integral part of the Balance Sheet.

In accordance with our Report attached
for **B.K. Ramadhyani & Co.**
Chartered Accountants

R. Sathyanarayana Murthi
Partner
Membership No. 24248

Place: Bangalore
Date: April 16, 2008

for Brigade Hospitality Services Pvt. Ltd

M.R. Jaishankar
Managing Director

Githa Shankar
Director

Schedules forming part of Profit and Loss

as at 31st March 2008

BRIGADE HOSPITALITY
SERVICES PVT. LTD

Rupees in Millions

	As at 31st March 2008	As at 31st March 2007
SCHEDULE H — Turnover		
Inventories (As Certified by the Managing Director)		
Food & Beverage Sales	22.67	14.72
Sports & Facility Usage Charges	11.51	4.02
Room Rentals	91.86	65.83
Saloon Income	2.25	1.53
	128.29	86.10
SCHEDULE I — Other Income		
Receipt from Sale of Tickets	0.36	0.35
Laundry & Telephone Charges Received	2.24	1.93
Interest on Bank Deposits	1.70	0.04
Other Income	4.23	2.21
	8.53	4.54
SCHEDULE J — Consumption Of Materials		
Food & Beverages	11.59	6.86
Sports Supplies	0.17	0.17
Salon & Hydrotherphy Supplies	0.27	0.30
Housekeeping & Other Supplies	7.79	6.26
Crockery & Cutlery Supplies	1.28	1.07
	21.10	14.66
SCHEDULE K — Operating Expenses		
Power & Fuel Charges	10.52	7.62
Swimming Pool Expenses	0.11	0.24
Lease Rentals paid	21.36	19.63
Others	21.33	9.27
	53.32	36.76
SCHEDULE L — Employee Related Expenses		
Salaries & Wages	30.94	19.98
Contribution to Provident & Other Funds	1.86	1.26
Staff Welfare Expenses	1.75	1.97
	34.55	23.21

Schedules forming part of Profit and Loss
as at 31st March 2008

BRIGADE HOSPITALITY
SERVICES PVT. LTD

Rupees in Millions

	As at 31st March 2008	As at 31st March 2007
SCHEDULE M — Administrative Expenses		
Sales Promotion Expenses	6.53	12.08
Entertainment Expenses	0.07	0.03
Repairs & Maintainance		
Building Maintainance	3.37	0.06
Repairs of Plant & Machinery	0.98	0.21
Other Repairs	0.04	0.12
	4.39	0.39
Bank Charges	1.51	1.06
Books, Periodicals & Subscriptions	0.14	0.03
General Expenses	2.70	1.38
Insurance Expenses	0.89	0.42
Conveyance & Travelling	2.67	0.91
Auditors Remuneration	0.54	0.22
Rates & Taxes	1.74	0.81
Rent Paid	0.71	0.49
Telephone & Other Communication Expenses	3.18	1.99
Legal & Professional Charges	2.73	0.34
Bad Debts Written off	0.20	0.05
Directors' Sitting Fees	0.09	—
Donations	0.08	—
Amortisation of Deferred Revenue Expenditure	0.72	0.65
Printing & Stationery	1.10	0.97
Vehicle Maintenance	0.45	0.25
	30.44	22.07

In accordance with our Report attached
for **B.K. Ramadhyani & Co.**
Chartered Accountants

R. Sathyanarayana Murthi
Partner
Membership No. 24248

Place: Bangalore
Date: April 16, 2008

for Brigade Hospitality Services Pvt. Ltd

M.R. Jaishankar
Managing Director

Githa Shankar
Director

Part IV

Balance Sheet Abstract & Company's General Business Profile

BRIGADE HOSPITALITY
SERVICES PVT. LTD

SCHEDULE O	
Registration Details	
(a) Registration No.	U55101KA2004PTC034060
(b) State Code	08
(c) Balance Sheet Date	31.03.2008
Rupees in Thousands	
Capital raised during the Year:	
(a) Public Issue	NIL
(b) Rights Issue	NIL
(c) Bonus Issue	NIL
(d) Private Placement	NIL
Position of Mobilisation and Deployment of Funds	
(a) Total Liabilities	423,031
(b) Total Assets	423,031
Sources of Funds	
- Paid-up Capital	10,000
- Share Application Money	90,000
- Reserves and Surplus	1,411
- Secured Loans	NIL
- Deferred Income	321,620
- Deferred Tax	NIL
Application of Funds	
- Net Fixed Assets	185,376
- Capital Work-in-progress	16,736
- Investments	13
- Net Current Assets	169,565
- Deferred Revenue Expenditure	20,105
- Accumulated Losses	31,236
Performance of Company	
Turnover	141,215
Total Expenditure	155,084
Profit/(Loss) before Tax	(13,869)
Profit/(Loss) after Tax	(14,420)
Earnings per Share in Rupees (after Tax)	(14.42)
Dividend Rate (%)	NIL
Generic name of Principal Products/Service of the Company	
Item Code No. (ITC Code)	-NA-
Product Description	Serviced Residences
Item Code No. (ITC Code)	-NA-
Product Description	Club Services
Item Code No. (ITC Code)	-NA-
Product Description	-NA-

In accordance with our Report attached
for **B.K. Ramadhyani & Co.**
Chartered Accountants

R. Sathyanarayana Murthi
Partner
Membership No. 24248

Place: Bangalore
Date: April 16, 2008

for **Brigade Hospitality Services Pvt. Ltd**

M.R. Jaishankar
Managing Director

Githa Shankar
Director

Schedule for Notes to Accounts

for the year ended on 31st March 2008

BRIGADE HOSPITALITY
SERVICES PVT. LTD

Schedule 'N'-in Millions

NOTES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. Background:

Brigade Hospitality Services Private Limited ("the Company") was incorporated on 1st June 2004. The Company carries on the business of running and managing clubs, serviced residences and convention centre.

The Company earns revenue from letting-out of rooms / serviced residences / convention centre to clients as well as from relevant services.

2. Significant Accounting Policies:

a) Basis of Accounting:

The financial accounts are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles and in accordance with the provisions of the Companies Act, 1956. All income and expenditure, having a material bearing on Financial Statements, are recognised on an accrual basis.

b) Revenue Recognition:

Revenue from room rent and facilities are recognised on usage basis. Subscription received for membership of club(s) is recognised as income on a Straight Line basis by amortising the amount received from the year of admission up to the period of expiry of the relevant membership. The balance un-amortised amount received, as well as membership fees received for clubs which are not operational, has been shown as a liability under the head 'Deferred Income'. Commission incurred for procurement of members is amortised and recognised as expense over the same period as the corresponding income.

c) Fixed Assets:

- Fixed Assets are capitalised on the date the same are being put to use.
- Fixed Assets are valued at cost inclusive of freight, taxes and incidental expenses relating to acquisition, installation, erection, commissioning and putting to use and net of refundable taxes.
- The cost of assets under construction including related advances and expenditure thereof are shown as capital work-in-progress.

- Expenses incurred in connection with renovation of serviced residences taken on lease / management contract have been treated as improvements on lease hold premises.

d) Depreciation:

Depreciation is provided on assets purchased upto 31st March 2005 on the Written Down Value Method at the rates specified in Schedule XIV to the Companies Act, 1956. In respect of additions to Fixed Assets from 01.04.2005, Depreciation has been provided on the Straight Line Method, applying the following rates which are more than the corresponding rates specified in Schedule XIV to the Companies Act, 1956.

Nature of Asset	Rate of Depreciation
Plant and Machinery	9.50%
Electric & Electronic Equipments	9.50%
Office & Other Equipments	9.50%
Motor Vehicles	20.00%
Computers & Software	33.33%
Furniture & Fittings	12.00%
Lease Hold Improvements	
a. Borewell	Over a period of 10 Years
b. Others	Over a period of 36 Months

Depreciation on assets added during the Year is charged pro-rata from the date of addition.

e) Inventories:

Inventories are valued at cost determined on weighted average basis or net realisable values, whichever is lower. Expenses on soft furnishing, linen, cutlery and crockery are amortised over 24 months.

f) Investments:

Investments, unless otherwise stated, are considered as long-term in nature and are valued at acquisition cost. Cost includes charges such as brokerage, fees and duties, if any. The Company has made investment in National Savings Certificates (NSC) for the purpose of registration with the Luxury Tax Authorities.

g) Employee Benefits:

i. Short-Term Employee Benefits:

The employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries,

leave travel allowance, short-term compensated absences etc. and the expected cost of bonus are recognised in the period in which the employee renders the related service.

ii. Post-Employment Benefits:

(a) Defined Contribution Plans:

The Company has contributed to State Governed Provident Fund Scheme, Employee's State Insurance Scheme and Employee Pension Scheme which are defined contribution plans. The contribution paid / payable under the schemes is recognised during the period in which employee renders the related service.

(b) Defined Benefit Plans:

Employees gratuity is a defined benefit plan. The present value of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognised immediately in the Profit & Loss Account.

(c) Long-Term Employee Benefits:

The obligation for long-term employee benefits such as long-term compensated absences is recognised in the same manner as in the case of defined benefit plans as mentioned in (ii) (b) above.

h) Taxation:

The Tax expense of the Company comprises of both Current & Deferred Taxes.

Deferred Tax asset or liability is recognised for timing differences between the profits as per Financial Statements and the profit offered for Income Taxes, based on tax rates that have been enacted

or substantially enacted at the Balance Sheet date. Deferred Tax assets resulting from tax losses carried forward are recognised only to the extent that there is a virtual certainty that sufficient taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the Deferred Tax asset to be utilised.

i) Contingent Liabilities:

Financial effect of contingent liabilities is disclosed based on information available upto the date on which the Financial Statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosure is made with regard to this fact, existence and nature of contingent liability.

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for Net of advances not ascertained.

3. Contingent Liabilities not provided for: Additional Liability, if any, in respect of pending all direct and indirect tax assessments. Amount not ascertainable.

4. The Company is engaged in the business of providing hospitality services to guests & members of its clubs / serviced residences / convention centre. Accordingly, quantitative and value particulars of raw materials consumed, production, sale and inventories of finished goods have not been furnished.

5.

Expenditure in Foreign Currency during the financial year	2007-08	2006-07
Travelling Expenses	0.04	NIL
Others	0.02	NIL

6. The Company has various operating leases for office facilities, residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the Financial Statements for the Year are Rs 22.07 Million (Rs 21.19 Millions).

7. Details of Auditors' Remuneration:

	2007-08	2006-07
Audit Fees	0.32	0.15
Tax Audit & VAT Audit	0.12	0.05
Others	0.09	0.02
Total	0.54	0.22

8. Employee related expenses include remuneration to a Director Nil (Previous year Rs 1.2 Million)

9. Earnings per Share: Calculation of EPS (Basic & Diluted)

Basic & Diluted	For the Year	
	2007-08	2006-07
Loss after Taxes	14.42	16.59
Weighted Average Shares Outstanding (No.) *	1	1
Loss per Share (Rs)	14.42	16.59

* The effect of share application money on weighted average number of shares for diluted EPS is not considered since their effect is anti-dilutive.

10. Segment Reporting:

The Company has identified the reportable segments as Serviced Residences & Club facilities, taking into account the different risks and returns and the internal reporting systems. The Accounting Policies for segment reporting are in line with the Accounting Policies followed by the Company.

Particulars	Serviced Residences	Club Facilities	Others	Total
Segmental Revenue	76.41 (59.96)	55.03 (31.70)	9.70 (1.77)	141.13 93.44
Segment Results Profit / (Loss) before Tax	5.27 (10.39)	0.01 (-17.44)	(0.63) (-2.75)	4.65 (9.80)
Un-allocated Expenditure				18.60 (6.56)
Un-allocated Income				0.07
Provision for Taxation				
- Current Tax				
- Deferred Tax				(0.55)
- Fringe Benefit Tax				0.55 (0.27)
Profit / (Loss) after Tax				(14.41) (-16.59)
Segment Assets	53.54 (61.06)	89.02 (62.65)	4.16 (3.23)	146.72 (146.19)
Un-allocated Assets				249.62 (131.95)
Segment Liabilities	9.37 (16.95)	178.21 (128.08)	2.63 (1.45)	190.21 (146.48)
Un-allocated Liabilities				156.06 (127.80)
Capital Expenditure	3.01 (19.63)	1.94 (10.08)	0.42 (4.23)	5.37 (33.94)

11. Related Party Disclosure:

Name of the related party	Relationship
Brigade Enterprises Limited	Parent Company
Tandem Allied Services Private Limited	Associate Company
Mr Jaishankar Mrs Githa Shankar Ms Nirupa Shankar	Key Management Personnel of Company and relatives of Key Management Personnel.
Brigade Foundation	Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence

Nature of Transaction	Parent Company	Associate Company	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence
Purchases of goods / services	NIL	2.81	NIL	NIL
Rent paid	NIL	NIL	0.30	NIL
Subscription Charges collected for Usage of Club	NIL	NIL	0.20	NIL
Sale of Food and Beverages	1.15	NIL	NIL	0.52
Management Contract fees	10.75	NIL	NIL	NIL
Purchase of Freehold Land	17.25	NIL	NIL	NIL
Balance due to / (from) Company	(0.32)		(0.14)	0.27

12. Deposits received from prospective members of the upcoming clubs at Brigade Metropolis and Brigade Gateway has been treated as long-term funds.

13. Deferred Tax Calculation

	Amount (Rs) as at 31.03.2008	Amount (Rs) as at 31.03.2007
Deferred Tax Liability:		
On account of timing difference arising from Depreciation on Fixed Assets	9.56	0.47
Deferred Tax Asset:		
Less:		
Asset on account of disallowance u/s 43 B of Income Tax Act, 1961 and disallowance u/s 40(ia) of the Income Tax Act, 1961	0.44	0.34
Asset on account of carried forward Depreciation Losses (recognised to extent of Deferred Tax Asset)	9.91	0.12
Net Deferred Tax Liability	—	—

14. The Company has entered into operating lease agreement with Namdhari Agro Fresh and Ayush Therapy for an initial lease of the assets for a period of eleven months. The future minimum lease receipts under non-cancelable operating leases in the aggregate and for each of the following periods:

Operating lease rentals received during the Year	0.27
i) Not later than one year;	0.53
ii) Later than one year and not later than five years;	Nil

15 The Company is in the process of compiling necessary data regarding the status of creditors under the Micro, Small and Medium Enterprises Development Act 2006. Consequently, the disclosures under the Act have not been furnished.

16 Figures for the previous year have been re-grouped / re-cast wherever necessary to conform to the current year's presentation.

In accordance with our Report attached
for **B.K. Ramadhyani & Co.**
Chartered Accountants

R. Sathyanarayana Murthi
Partner
Membership No. 24248

Place: Bangalore
Date: April 16, 2008

for Brigade Hospitality Services Pvt. Ltd

M.R. Jaishankar
Managing Director

Githa Shankar
Director

To
The Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report of the Company, along with the Audited Statement of Accounts, for the year ended 31st March 2008.

Financial Highlights:

The financial highlights of the Company for the year ended 31st March 2008 is as follows:

Rupees in Millions	
Particulars	2007-08
Turnover	—
Administrative Expenses	0.41
Profit before Tax	(0.41)
Balance in Profit & Loss Account brought forward from previous year	0.24
Balance carried to Balance Sheet	(0.17)

Dividend:

Since there is a loss, there is no Dividend recommended by the Board of Directors of the Company.

Operations during the year:

The Company is in the process of identifying business opportunities.

Directors:

None of the Directors of the Company are disqualified under Section 274(1)(g) of the Companies Act, 1956.

Directors' Responsibility Statement:

As stipulated under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:-

- That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures.
- That the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of

the Company at the end of the financial year and of the Profit and Loss of the Company for that period.

- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors had prepared the Annual Accounts on a going concern basis.

Conservation of energy, technology absorption and Foreign Exchange earnings and outgo:

The provisions of Section 217(1)(e) of the Companies Act, 1956, relating to the conservation of energy and technology absorption are not applicable to the Company.

There are no Income or Expenditure in Foreign Currency earned or incurred during the Year.

Particulars of employees under section 217(2a):

There are no employees in the Company who are in receipt of remuneration in excess of the limits prescribed in Section 217(2A) of the Companies Act, 1956, during the year under review.

Auditors:

The present Auditors, M/s Narayanan, Patil & Ramesh, Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting of the Company and being eligible for re-appointment, have offered themselves for re-appointment.

Compliance Certificate under Section 383(a) of the Companies Act, 1956:

A Compliance Certificate, as required under Section 383A(1) of the Companies Act, 1956, from the practicing Company Secretary as to the Compliance with all the provisions of the Companies Act, 1956, is attached to this Board's Report.

Acknowledgement:

Your Board of Directors would like to express its appreciation to all the Company's valued customers—Shareholders, Consultants, Contractors, Suppliers and Agents—for their support and continued patronage.

For and on behalf of the Board
for Tetrarch Holdings Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

To the members of **TETRARCH HOLDINGS PRIVATE LIMITED**,

1. We have audited the attached Balance Sheet of TETRARCH HOLDINGS PRIVATE LIMITED, as at 31st March 2008 and also the Profit & Loss Account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the Accounting Principles used and significant estimates made by the Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditors' Report) Amendment Order, 2004, issued by the Central Government of India, in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, is not applicable to the Company as per the exceptions provided in Clause (iv) of Para 2 of Main Para 1 of the said Report.
4. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were

necessary for the purpose of our audit.

- b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified from being appointed as Directors of the Company under Clause (g) of Sub-section (1) of Section 274 of the Companies Act of 1956 as on 31st March 2008.
- f) In our opinion and to the best of our information and according to the explanations given to us, the Accounts together with the Notes thereon give the information required under the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2008.
 - ii) In the case of Profit & Loss Account, of the Loss for the year ended on that date.
 - iii) In the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

Place: Bangalore
Date: April 25, 2008

for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No: 200/25588

Balance Sheet as at 31st March 2008

TETRARCH HOLDINGS PVT. LTD

Rupees in Millions

PARTICULARS	SCH.	31st March 2008	31st March 2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1.00	1.00
Total		1.00	1.00
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash		—	—
Bank Balance		1.26	1.28
Sub-total		1.26	1.28
Less: Current Liabilities & Provisions			
Liabilities	B	0.43	0.04
Net Current Assets		0.83	1.24
Profit & Loss Account		0.17	(0.24)
Total		1.00	1.00

Notes to Accounts forms an integral part of the Financial Statements.

Profit & Loss Account for the year ended 31st March 2008

Rupees in Millions

PARTICULARS	SCH.	31st March 2008	31st March 2007
Revenues			
Total (I)		—	—
EXPENDITURE			
Administrative Expenses	C	0.41	0.03
Preliminary Expenses written off		—	0.02
Total (II)		0.41	0.05
Profit and (Loss) (I-II)		(0.41)	(0.05)
Less: Provision for Taxation-Current Taxes		—	0.01
Less: Provision for Taxation-Deferred Tax Asset		—	—
Profit after Taxation		(0.41)	(0.04)
Add: Balance brought forward from Previous Year		0.24	0.28
Balance transferred to Balance Sheet		(0.17)	0.24

Notes to Accounts forms an integral part of the Financial Statements.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for Tetrarch Holdings Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

Cash Flow Statement

for the year ended 31st March 2008

TETRARCH HOLDINGS
PVT. LTD

Rupees in Millions

PARTICULARS	As on 31st March 2008
Cash Flow from Operating Activities	
Net Profit before Tax	(0.41)
Adjustments for:	
Depreciation including Obsolescence & Amortisation	—
Loss / (Profit) on Sale of Assets (Net)	—
Dividend Income	—
(Loss) / Profit on Sale of Investments (Net)	—
Prior year Income / (Expenses)	—
Interest Income	—
Bad Debts	—
Amortisation of Miscellaneous Expenses	—
Preliminary Expenses incurred / written off	—
Interest paid	—
Operating Profit before Working-Capital Changes	(0.41)
Adjustments for:	
Decrease / (Increase) in Sundry Debtors	—
Decrease / (Increase) in Inventories	—
Decrease / (Increase) in Loans & Advances	—
Interest accrued, but not due	—
Income Taxes paid	—
Increase / (Decrease) in Current Liabilities	0.39
Net Cash Flow (used in) / from Operating Activities	(0.02)
Cash Flows from Investing Activities	
Purchase of Fixed Assets	—
Sale proceeds of Fixed Assets	—
Long-Term Investments (Net)	—
Investments in Mutual Funds (Net)	—
Interest received	—
Dividend received	—
Loss / (Profit) on Sale of Investments (Net)	—
Net Cash Flow (used in) / from Investing Activities	—

Cash Flow Statement
for the year ended 31st March 2008

TETRARCH HOLDINGS
PVT. LTD

Cash Flow Statement contd...

Rupees in Millions

PARTICULARS	As on 31st March 2008
Cash Flows from Financing Activities	
Interest payment	—
Dividend paid	—
Increase in Share Premium Account	—
Increase in Share Capital / Share Application	—
IPO Expenses	—
Other Miscellaneous Expenditure	—
Increase / (Decrease) in Secured Loans	—
Increase / (Decrease) in Unsecured Loans	—
Net Cash Flow (used in) / from Investing Activities	—
Net increase in Cash and Cash Equivalents	(0.02)
Cash and Cash Equivalents at the beginning of period	1.28
Cash and Cash Equivalents at the end of period	1.26

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for Tetrarch Holdings Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

Schedules forming part of
Balance Sheet and Profit and Loss as at 31st March 2008

TETRARCH HOLDINGS
PVT. LTD

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SCHEDULE A — Share Capital		
Authorised Capital		
3,00,000 Equity Shares of Rs 10/- each	3.00	3.00
Issued, Subscribed		
1,00,200 Equity Shares of Rs 10/- each	1.00	1.00
Total	1.00	1.00
SCHEDULE B — Current Liabilities and Provisions		
Current Liabilities		
Audit Fees payable	0.01	0.02
Brigade Enterprises Limited	0.41	0.01
Profession Tax payable	0.01	0.01
Total	0.43	0.04
SCHEDULE C — Administrative Expenses		
Professional Charges	—	0.01
Rates & Taxes	0.40	0.01
Other Administrative Expenses	—	—
Bank Charges	—	—
Audit Fees	0.01	—
Printing & Stationery	—	0.01
Miscellaneous Expenses	—	—
Total	0.41	0.03

Part IV

Balance Sheet Abstract & Company's General Business Profile

TETRARCH HOLDINGS
PVT. LTD

Registration Details	
(a) Registration No.	018247 of 1995
(b) State Code	08
(c) Balance Sheet Date	31.03.2008
Rupees in Thousands	
Capital raised during the Year:	
(a) Public Issue	NIL
(b) Rights Issue	NIL
(c) Bonus Issue	NIL
(d) Private Placement	NIL
Position of Mobilisation and Deployment of Funds	
(a) Total Liabilities	1002.00
(b) Total Assets	1002.00
Sources of Funds	
- Paid-up Capital	1002.00
- Reserves & Surplus	NIL
- Secured Loans	NIL
- Unsecured Loans	NIL
Application of Funds	
- Net Fixed Assets	NIL
- Investments	NIL
- Net Current Assets	836.88
- Miscellaneous Expenditure	NIL
- Accumulated Losses	165.12
- Deferred Tax Asset	—
Performance of Company	
Turnover	NIL
Total Expenditure	409.75
Profit/(Loss) before Tax	(409.75)
Profit/(Loss) after Tax	(409.75)
Earnings per Share in Rupees Profit/(Loss)	(4.09)
Dividend Rate (%)	NIL
Generic name of Principal Products/Service of the Company	
Item Code No. (ITC Code)	-NA-
Product Description	Construction Activity

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for Tetrarch Holdings Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1. Basis for Preparation of Financial Statements:

The Financial Statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the Financial Statements are recognised on the accrual basis.

1.2. Revenue Recognition::

- Income from operations is determined and recognised, based on the percentage of completion method, as the aggregate of the profits earned on the projects completed / under completion and the value of construction work done during the period.

Profit so recognised in respect of individual projects is adjusted to ensure that it does not exceed the estimated overall profit margin. Loss on projects, if any, is fully provided for.

Stage of completion of projects in progress is determined on the basis of the proportion the contract costs incurred in respect of individual projects for work performed up to the period of the Financial Statements, bear to the estimated total project cost. Income recognised as Contract Revenue during the period is based on the lower of stage of completion as determined above and percentage of actual amount received on sale (pursuant to agreements entered into by the Company) of the estimated Contract Value of these projects.

- Interest income is recognised on time basis and is determined by the amount outstanding and rate applicable.
- Dividend income is recognised as and when right to receive payment is established.
- Rental income / lease rentals are recognised on accrual basis in accordance with the terms of agreement.

1.3. Expenditure:

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

1.4. Foreign Currency Transaction:

Foreign currency transactions are re-stated at the rates ruling at the time of receipt / payment and all exchange losses / gains arising therefrom are adjusted to the respective

accounts. All monetary items denominated in foreign currency are converted at the rates prevailing on the date of the Financial Statements.

1.5. Fixed Assets:

Fixed Assets are stated at cost of acquisition, less accumulated depreciation. All direct costs are capitalised till the assets are ready to be put to use.

1.6. Depreciation:

Depreciation in respect of Fixed Assets, are provided adopting Written Down Value Method at rates provided under Schedule XIV to the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets purchased / sold during the Year.

1.7. Employee Benefits:

a) Short-Term Employee Benefits:

The employee benefits payable only within 12 months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, leave travel allowance, short-term compensated absences etc. and the expected cost of bonus are recognised in the period in which the employee renders the related services.

b) Post-Employment Benefits:

i. Defined Contribution Plans:

The Company has contributed to State Governed Provident Fund Scheme, Employee State Insurance Scheme and Employee Pension Scheme which are defined contribution plans. Contribution paid or payable under the schemes is recognised during the period in which employee renders the related service.

ii. Defined Benefit Plans:

The employees' gratuity is a defined benefit plan. The present value of the obligation under such plan is determined based on the actuarial valuation using the projected unit credit method which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the financial obligation. The Company has an employee gratuity fund managed by Life Insurance Corporation of India (LIC). Actuarial gains or losses are charged to Profit and Loss Account.

iii. Liability in respect of leave encashment is provided for on actuarial basis using the projected unit credit method same as above.

1.8. Investments:

Investments are segregated into Current Investments and Permanent Investments. Permanent Investments are carried at cost of acquisition, unless there is a permanent decline in the value of the investment and Current Investments are carried at lower of Cost and Market Value.

1.9. Provision for Taxation:

Current year Income Tax, if any, is accounted based on the tax payable method. A provision is made for Income Tax annually, based on the tax liability computed, after considering tax allowances and exemptions.

The differences that result between the profit offered for Income Taxes and the profit as per the Financial Statements are identified, and thereafter a Deferred Tax Asset or Deferred Tax Liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered.

1.10. Previous Year amounts:

The figures of the previous year have been re-grouped and re-classified wherever necessary.

2. NOTES ON ACCOUNTS (forming an integral part of accounts)

2.1. Auditors' Remuneration:

Auditors' remuneration debited to Profit & Loss Account during the Year is as follows:

Rupees in Millions		
	2007-08	2006-07
Audit Fees & Tax Audit Fees	0.01	0.01

The above includes the applicable service tax on the fees.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

2.2. Particulars of Employees:

The Company has not paid remuneration to employees drawing Rs 24,00,000/- or more per annum where employed for full year or Rs 2,00,000/- or more per month where employed for a part of the year. Hence particulars of such employees as required by Section 217(2A) of Companies Act, 1956, are not required as the part of this statement.

2.3. Foreign Exchange Inflow and Outflow:

There was no Foreign Exchange Inflow or Outflow during the Year.

2.4. Earnings per Share:

Particulars	Year ended 31st March	
	2007-08	2006-07
Net Profit / (Loss) for the Year (used as numerator) (Rupees in Millions)	(0.41)	(0.04)
Number of Shares used in computing Earnings per Share of Face Value Rs 10/- each (used as denominator) (In Millions)	1	1
Basic & Diluted (Rupees in Millions)	(4.09)	(0.44)

2.5. Details are provided to the extent applicable to the Company for the current year.

for Tetrarch Holdings Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

To
The Members,

Your Directors have pleasure in presenting the Second Annual Report of the Company, along with the Audited Statement of Accounts, for the year ended 31st March 2008.

Financial Highlights:

The financial highlights of the Company for the year ended 31st March 2008 is as follows:

Rupees in Millions	
Particulars	2007-08
Turnover	—
Administrative Expenses	0.01
Profit before Tax	(0.01)
Balance in Profit & Loss Account brought forward from previous year	—
Balance carried to Balance Sheet	(0.01)

Dividend:

Since there is a loss, there is no dividend recommended by the Board of Directors of the Company.

Operations during the year:

The Company is in the process of exploring business opportunities and the operations are expected to commence shortly.

Directors:

None of the Directors of the Company are disqualified under Section 274(1)(g) of the Companies Act, 1956.

Directors' Responsibility Statement:

As stipulated under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:-

- That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures.

- That the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period.
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors had prepared the Annual Accounts on a going concern basis.

Conservation of energy, technology absorption and Foreign Exchange earnings and outgo:

The provisions of Section 217(1)(e) of the Companies Act, 1956, relating to the conservation of energy and technology absorption are not applicable to the Company.

There are no income or expenditure in Foreign Currency earned or incurred during the Year.

Particulars of employees under section 217(2a):

There are no employees in the Company who are in receipt of remuneration in excess of the limits prescribed in Section 217(2A) of the Companies Act, 1956, during the year under review.

Auditors:

The present Auditors, M/s Narayanan, Patil & Ramesh, Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting of the Company and being eligible for re-appointment have offered themselves for re-appointment.

Acknowledgement:

Your Directors wish to place on record the sincere appreciation to all the stakeholders of the Company for their support and co-operation.

Place: Bangalore
Date: April 25, 2008

For and on behalf of the Board
for Brigade Estates & Projects Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

To the members of **BRIGADE ESTATES AND PROJECTS PRIVATE LIMITED**,

1. We have audited the attached Balance Sheet of **BRIGADE ESTATES AND PROJECTS PRIVATE LIMITED**, as at 31st March 2008 and also the Profit & Loss Account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the Accounting Principles used and significant estimates made by the Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditors' Report) Amendment Order, 2004, issued by the Central Government of India, in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, is not applicable to the Company as per the exceptions provided in Clause (iv) of Para 2 of Main Para 1 of the said Report.
4. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified from being appointed as Directors of the Company under Clause (g) of Sub-section (1) of Section 274 of Companies Act of 1956, as on 31.03.2008.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the Accounts together with the Notes thereon give the information required under the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2008.
 - ii) In the case of Profit & Loss Account, of the Loss for the year ended on that date.
 - iii) In the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

Place: Bangalore
Date: April 25, 2008

for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner

Membership No: 200/25588

Balance Sheet as at 31st March 2008

BRIGADE ESTATES & PROJECTS PVT. LTD

Rupees in Millions

PARTICULARS	31st March 2008	31st March 2007
SOURCES OF FUNDS		
Shareholders' Funds		
Authorised Share Capital:		
1,00,000 Equity Shares of Rs 10 each	1.00	1.00
Issued, Subscribed & Paid-up capital:		
10,000 Equity Shares of Rs 10 each	0.10	0.10
Reserves & Surplus		
Total	0.10	0.10
APPLICATION OF FUNDS		
Current Assets, Loans & Advances		
Cash	—	—
Bank Balance	0.05	0.05
Total Current Assets	0.05	0.05
Less: Current Liabilities & Provisions		
Current Liabilities	—	—
Provisions	0.01	—
	0.01	—
Net Current Assets	0.04	0.05
Miscellaneous Expenditure (to the extent not written off or adjusted)	0.05	0.05
Profit & Loss Account	0.01	—
Total	0.10	0.10

Notes to Accounts forms an integral part of the Financial Statements.

Profit & Loss Account for the year ended 31st March 2008

Rupees in Millions

PARTICULARS	SCH.	31st March 2008	31st March 2007
Revenues		—	—
Total (I)		—	—
EXPENDITURE			
Administrative Expenses	C	0.01	—
Preliminary Expenses written off		—	—
Total (II)		0.01	—
Profit and (Loss) (I-II)		(0.01)	—
Less: Provision for Taxation-Current Taxes		—	—
Less: Provision for Taxation-Deferred Tax Asset		—	—
Profit after Taxation		(0.01)	—
Add: Balance brought forward from Previous Year		—	—
Balance transferred to Balance Sheet		(0.01)	—
ADMINISTRATIVE EXPENSES		—	—
Audit Fees		0.01	—
Rates & Taxes		—	—
Total		0.01	—

Notes to Accounts forms an integral part of the Financial Statements.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for Brigade Estates and Projects Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

Cash Flow Statement
for the year ended 31st March 2008

BRIGADE ESTATES &
PROJECTS PVT. LTD

Rupees in Millions

PARTICULARS	As on 31st March 2008
Cash Flow from Operating Activities	
Net Profit before Tax	(0.01)
Adjustments for:	
Depreciation including Obsolescence & Amortisation	—
Loss / (Profit) on Sale of Assets (Net)	—
Dividend Income	—
(Loss) / Profit on Sale of Investments (Net)	—
Prior year Income / (Expenses)	—
Interest Income	—
Bad Debts	—
Amortisation of Miscellaneous Expenses	—
Preliminary Expenses incurred / written off	—
Interest paid	—
Operating Profit before Working-Capital Changes	(0.01)
Adjustments for:	
Decrease / (Increase) in Sundry Debtors	—
Decrease / (Increase) in Inventories	—
Decrease / (Increase) in Loans & Advances	—
Interest accrued but not due	—
Income Taxes paid	—
Increase / (Decrease) in Current Liabilities	(0.01)
Net Cash Flow (used in) / from Operating Activities	(0.00)
Cash Flows from Investing Activities	
Purchase of Fixed Assets	—
Sale proceeds of Fixed Assets	—
Long Term Investments (Net)	—
Investments in Mutual Funds (Net)	—
Interest received	—
Dividend received	—
Loss / (Profit) on Sale of Investments (Net)	—
Net Cash Flow (used in) / from Investing Activities	—
Cash Flows from Financing Activities	
Interest payment	—
Dividend paid	—
Increase in Share Premium Account	—
Increase in Share Capital / Share Application	—
IPO Expenses	—
Other Miscellaneous Expenditure	—
Increase / (Decrease) in Secured Loans	—
Increase / (Decrease) in Unsecured Loans	—
Net Cash Flow (used in) / from Investing Activities	—
Net increase in Cash and Cash Equivalents	
Cash and Cash Equivalents at the beginning of period	0.05
Cash and Cash Equivalents at the end of period	0.05

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for Brigade Estates and Projects Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

Part IV

Balance Sheet Abstract & Company's General Business Profile

BRIGADE ESTATES &
PROJECTS PVT. LTD

Registration Details	
(a) Registration No.	041132 of 2006
(b) State Code	08
(c) Balance Sheet Date	31.03.2008
Rupees in Thousands	
Capital raised during the Year:	
(a) Public Issue	NIL
(b) Rights Issue	NIL
(c) Bonus Issue	NIL
(d) Private Placement	NIL
Position of Mobilisation and Deployment of Funds	
(a) Total Liabilities	100.00
(b) Total Assets	100.00
Sources of Funds	
- Paid-up Capital	100.00
- Reserves & Surplus	NIL
- Secured Loans	NIL
- Unsecured Loans	NIL
Application of Funds	
- Net Fixed Assets	NIL
- Investments	NIL
- Net Current Assets	37.53
- Miscellaneous Expenditure	49.88
- Accumulated Losses	12.59
- Deferred Tax Asset	—
Performance of Company	
Turnover	NIL
Total Expenditure	9.14
Profit/(Loss) before Tax	(9.14)
Profit/(Loss) after Tax	(9.14)
Earnings per Share in Rupees Profit/(Loss)	(0.91)
Dividend Rate (%)	NIL
Generic name of Principal Products/Service of the Company	
Item Code No. (ITC Code)	-NA-
Product Description	Construction Activity

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for **Brigade Estates and Projects Pvt. Ltd**

M.R. Jaishankar
Director

Githa Shankar
Director

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1. Basis for Preparation of Financial Statements:

The Financial Statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the Financial Statements are recognised on the accrual basis.

1.2. Revenue Recognition:

- Income from operations is determined and recognised, based on the percentage of completion method, as the aggregate of the profits earned on the projects completed / under completion and the value of construction work done during the period.

Profit so recognised in respect of individual projects is adjusted to ensure that it does not exceed the estimated overall profit margin. Loss on projects, if any, is fully provided for.

Stage of completion of projects in progress is determined on the basis of the proportion the contract costs incurred in respect of individual projects for work performed up to the period of the Financial Statements, bear to the estimated total project cost. Income recognised as Contract Revenue during the period is based on the lower of stage of completion as determined above and percentage of actual amount received on sale (pursuant to agreements entered into by the Company) of the estimated Contract Value of these projects.

- Interest income is recognised on time basis and is determined by the amount outstanding and rate applicable.
- Dividend income is recognised as and when right to receive payment is established.
- Rental income / lease rentals are recognised on accrual basis in accordance with the terms of agreement.

1.3. Expenditure:

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

1.4. Foreign Currency Transaction:

Foreign currency transactions are re-stated at the rates ruling at the time of receipt / payment and all exchange losses / gains arising there from are adjusted to the respective

accounts. All monetary items denominated in foreign currency are converted at the rates prevailing on the date of the Financial Statements.

1.5. Fixed Assets:

Fixed Assets are stated at cost of acquisition, less accumulated depreciation. All direct costs are capitalised till the assets are ready to be put to use.

1.6. Depreciation:

Depreciation in respect of fixed assets, are provided adopting Written Down Value Method at rates provided under Schedule XIV to the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets purchased / sold during the Year.

1.7. Employee Benefits:

a) Short-Term Employee Benefits:

The employee benefits payable only within 12 months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, leave travel allowance, short-term compensated absences etc. and the expected cost of bonus are recognised in the period in which the employee renders the related services.

b) Post-Employment Benefits:

i. Defined Contribution Plans:

The Company has contributed to State Governed Provident Fund Scheme, Employee State Insurance Scheme and Employee Pension Scheme which are defined contribution plans. Contribution paid or payable under the schemes is recognised during the period in which employee renders the related service.

ii. Defined Benefit Plans:

The employees' gratuity is a defined benefit plan. The present value of the obligation under such plan is determined based on the actuarial valuation using the projected unit credit method which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the financial obligation. The Company has an employee gratuity fund managed by Life Insurance Corporation of India (LIC). Actuarial gains or losses are charged to Profit and Loss Account.

iii. Liability in respect of leave encashment is provided for on actuarial basis using the projected unit credit method same as above.

1.8. Investments:

Investments are segregated into Current Investments and Permanent Investments. Permanent Investments are carried at cost of acquisition, unless there is a permanent decline in the value of the investment and Current Investments are carried at lower of Cost and Market Value.

1.9. Provision for Taxation:

Current year Income Tax, if any, is accounted based on the tax payable method. A provision is made for Income Tax annually based on the tax liability computed, after considering tax allowances and exemptions.

The differences that result between the profit offered for Income Taxes and the profit as per the Financial Statements are identified, and thereafter a Deferred Tax Asset or Deferred Tax Liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered.

1.10. Previous Year amounts:

The figures of the previous year have been re-grouped and re-classified wherever necessary.

2. NOTES ON ACCOUNTS (forming an integral part of accounts)

2.1. Auditors' Remuneration:

Auditors' remuneration debited to Profit & Loss Account during the year is as follows:

Rupees in Millions

	2007-08	2006-07
Audit Fees & Tax Audit Fees	0.01	0.01

The above includes the applicable service tax on the fees.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

2.2. Particulars of Employees:

The Company has not paid remuneration to employees drawing Rs 24,00,000/- or more per annum where employed for full year or Rs 2,00,000/- or more per month where employed for a part of the year. Hence particulars of such employees as required by Section 217(2A) of Companies Act, 1956, are not required as the part of this statement.

2.3. Foreign Exchange Inflow and Outflow:

There was no Foreign Exchange Inflow or Outflow during the Year.

2.4. Earnings per Share:

Particulars	Year ended 31st March	
	2007-08	2006-07
Net Profit / (Loss) for the Year (used as numerator)	(9,139)	(3,450)
Number of Shares used in computing Earnings per Share of Face Value Rs 10/- each (used as denominator)	100,000	100,000
Basic & Diluted	(0.09)	(0.03)

2.5. Details are provided to the extent applicable to the Company for the current Year.

2.6. Previous year figures have been re-grouped and re-classified wherever necessary.

for Brigade Estates and Projects Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

To
The Members,

Your Directors have pleasure in presenting the First Annual Report of the Company, along with the Audited Statement of Accounts, for the year ended 31st March 2008.

Financial Highlights:

The financial highlights of the Company for the year ended 31st March 2008 is as follows:

Rupees in Millions	
Particulars	2007-08
Turnover	NIL
Administrative Expenses	0.01
Profit before Tax	(0.01)
Balance carried to Balance Sheet	(0.01)

Dividend:

Since there is a loss, there is no Dividend recommended by the Board of Directors of the Company.

Operations during the year:

The Company was incorporated on 16th May 2007 and is in the process of commencing its operations.

Directors:

None of the Directors of the Company are disqualified under Section 274(1)(g) of the Companies Act, 1956.

Directors' Responsibility Statement:

As stipulated under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:-

- That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed, along with the proper explanation relating to material departures.
- That the Directors had selected such accounting policies

and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period.

- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors had prepared the Annual Accounts on a going concern basis.

Conservation of energy, technology absorption and Foreign Exchange earnings and outgo:

The Company is not into any manufacturing activities. Hence the provisions of Section 217(1)(e) of the Companies Act, 1956, relating to the conservation of energy and technology absorption are not applicable to the Company.

There are no Income or Expenditure in Foreign Currency earned or incurred during the Year.

Particulars of employees under section 217(2a):

There are no employees in the Company who are in receipt of remuneration in excess of the limits prescribed in Section 217(2A) of the Companies Act, 1956, during the year under review.

Auditors:

The present Auditors, M/s Narayanan, Patil & Ramesh, Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting of the Company and being eligible for re-appointment, have offered themselves for re-appointment.

Acknowledgement:

Your Directors wish to place on record the sincere appreciation to all the stakeholders of the Company for their support and co-operation.

For and on behalf of the Board
for Brigade Properties Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

Place: Bangalore
Date: April 25, 2008

To the members of **BRIGADE PROPERTIES PRIVATE LIMITED**,

1. We have audited the attached Balance Sheet of BRIGADE PROPERTIES PRIVATE LIMITED, as at 31st March 2008 and also the Profit & Loss Account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the Accounting Principles used and significant estimates made by the Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditors' Report) Amendment Order, 2004, issued by the Central Government of India, in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, is not applicable to the Company as per the exceptions provided in Clause (iv) of Para 2 of Main Para 1 of the said Report.
4. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

- b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified from being appointed as Directors of the Company under Clause (g) of Sub-section (1) of Section 274 of Companies Act of 1956, as on 31.03.2008.
- f) In our opinion and to the best of our information and according to the explanations given to us, the Accounts together with the Notes thereon give the information required under the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2008.
 - ii) In the case of Profit & Loss Account, of the Loss for the year ended on that date.
 - iii) In the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

Place: Bangalore
Date: April 25, 2008

for Narayanan, Patil and Ramesh
Chartered Accountants

L.R. Narayanan
Partner

Membership No: 200/25588

Balance Sheet as at 31st March 2008

BRIGADE PROPERTIES
PVT. LTD

Rupees in Millions

PARTICULARS	SCH.	31st March 2008
SOURCES OF FUNDS		
Share holders' Funds		
Authorised Share Capital:		
1,00,000 Equity Shares of Rs 10 each		1.00
Issued, Subscribed & Paid-up capital:		
10,000 Equity Shares of Rs 10 each		0.10
Total		0.10
APPLICATION OF FUNDS		
Current Assets, Loans & Advances		
Bank Balance		0.11
Total of Current Assets		0.11
Less: Current Liabilities & Provisions		
Current Liabilities		0.05
Provisions		0.01
Total		0.06
Net Current Assets		0.05
Miscellaneous Expenditure to the extent not written off or adjusted		—
Preliminary Expenses not written off		0.04
Profit & Loss Account		0.01
Total		0.10

Notes to Accounts forms an integral part of the Financial Statements.

Profit & Loss Account for the year ended 31st March 2008

Rupees in Millions

PARTICULARS	SCH.	31st March 2008
Revenues		—
Total (I)		—
EXPENDITURE		
Administrative Expenses		0.01
Total (II)		0.01
Profit and (Loss) (I-II)		(0.01)
Less: Provision for Taxation-Current Taxes		—
Less: Provision for Taxation-Deferred Tax Asset		—
Profit after Taxation		(0.01)
Add: Balance brought forward from Previous Year		—
Balance transferred to Balance Sheet		(0.01)
ADMINISTRATIVE EXPENSES		
Audit Fees		0.01
Rates & Taxes		—
Total		0.01

Notes to Accounts forms an integral part of the Financial Statements.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for Brigade Properties Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

Cash Flow Statement
for the year ended 31st March 2008

BRIGADE PROPERTIES PVT. LTD

Rupees in Millions

PARTICULARS	As on 31st March 2008
Cash Flow from Operating Activities	
Net Profit before Tax	(0.01)
Adjustments for:	
Depreciation including Obsolescence & Amortisation	—
Loss / (Profit) on Sale of Assets (Net)	—
Dividend Income	—
(Loss) / Profit on Sale of Investments (Net)	—
Prior year Income / (Expenses)	—
Interest Income	—
Bad Debts	—
Amortisation of Miscellaneous Expenses	—
Preliminary Expenses incurred / written off	(0.04)
Interest paid	—
Operating Profit before Working-Capital Changes	(0.05)
Adjustments for:	
Decrease / (Increase) in Sundry Debtors	—
Decrease / (Increase) in Inventories	—
Decrease / (Increase) in Loans & Advances	—
Interest accrued, but not due	—
Income Taxes paid	—
Increase / (Decrease) in Current Liabilities	0.06
Net Cash Flow (used in) / from Operating Activities	0.01
Cash Flows from Investing Activities	
Purchase of Fixed Assets	—
Sale proceeds of Fixed Assets	—
Long Term Investments (Net)	—
Investments in Mutual Funds (Net)	—
Interest received	—
Dividend received	—
Loss / (Profit) on Sale of Investments (Net)	—
Net Cash Flow (used in) / from Investing Activities	—
Cash Flows from Financing Activities	
Interest payment	—
Dividend paid	—
Increase in Share Premium Account	—
Increase in Share Capital / Share Application	0.10
IPO Expenses	—
Other Miscellaneous Expenditure	—
Increase / (Decrease) in Secured Loans	—
Increase / (Decrease) in Unsecured Loans	—
Net Cash Flow (used in) / from Investing Activities	0.10
Net increase in Cash and Cash Equivalents	0.11
Cash and Cash Equivalents at the beginning of period	—
Cash and Cash Equivalents at the end of period	0.11

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for Brigade Properties Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

Part IV

Balance Sheet Abstract & Company's General Business Profile

BRIGADE PROPERTIES
PVT. LTD

Registration Details	
(a) Registration No.	042824 of 2007
(b) State Code	08
(c) Balance Sheet Date	31.03.2008
Rupees in Thousands	
Capital raised during the Year:	
(a) Public Issue	NIL
(b) Rights Issue	NIL
(c) Bonus Issue	NIL
(d) Private Placement	100.00
Position of Mobilisation and Deployment of Funds	
(a) Total Liabilities	100.00
(b) Total Assets	100.00
Sources of Funds	
- Paid-up Capital	100.00
- Reserves & Surplus	NIL
- Secured Loans	NIL
- Unsecured Loans	NIL
Application of Funds	
- Net Fixed Assets	NIL
- Investments	NIL
- Net Current Assets	44.87
- Miscellaneous Expenditure	49.21
- Accumulated Losses	5.92
- Deferred Tax Asset	—
Performance of Company	
Turnover	NIL
Total Expenditure	5.92
Profit/(Loss) before Tax	(5.92)
Profit/(Loss) after Tax	(5.92)
Earnings per Share in Rupees Profit/(Loss)	(0.06)
Dividend Rate (%)	NIL
Generic name of Principal Products/Service of the Company	
Item Code No. (ITC Code)	-NA-
Product Description	Construction Activity

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

for **Brigade Properties Pvt. Ltd**

M.R. Jaishankar
Director

Githa Shankar
Director

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis for Preparation of Financial Statements:

The Financial Statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the Financial Statements are recognised on the accrual basis.

1.2. Revenue Recognition:

- Income from operations is determined and recognised, based on the percentage of completion method, as the aggregate of the profits earned on the projects completed / under completion and the value of construction work done during the period.

Profit so recognised in respect of individual projects is adjusted to ensure that it does not exceed the estimated overall profit margin. Loss on projects, if any, is fully provided for.

Stage of completion of projects in progress is determined on the basis of the proportion the Contract Costs incurred in respect of individual projects for work performed up to the period of the Financial Statements, bear to the estimated total project cost. Income recognised as Contract Revenue during the period is based on the lower of stage of completion as determined above and percentage of actual amount received on sale (pursuant to agreements entered into by the Company) of the estimated Contract Value of these projects.

- Interest income is recognised on time basis and is determined by the amount outstanding and rate applicable.
- Dividend income is recognised as and when right to receive payment is established.
- Rental income / lease rentals are recognised on accrual basis in accordance with the terms of agreement.

1.3. Expenditure:

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

1.4. Foreign Currency Transaction:

Foreign currency transactions are re-stated at the rates ruling at the time of receipt / payment and all exchange losses / gains arising therefrom are adjusted to the respective

accounts. All monetary items denominated in foreign currency are converted at the rates prevailing on the date of the Financial Statement.

1.5. Fixed Assets:

Fixed Assets are stated at cost of acquisition, less accumulated depreciation. All direct costs are capitalised till the assets are ready to be put to use.

1.6. Depreciation:

Depreciation in respect of Fixed Assets, are provided adopting Written Down Value Method at rates provided under Schedule XIV to the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets purchased / sold during the Year.

1.7. Employee Benefits:

a) Short-Term Employee Benefits:

The employee benefits payable only within 12 months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, leave travel allowance, short-term compensated absences etc. and the expected cost of bonus are recognised in the period in which the employee renders the related services.

b) Post-Employment Benefits:

i. Defined Contribution Plans:

The Company has contributed to State Governed Provident Fund Scheme, Employee State Insurance Scheme and Employee Pension Scheme which are defined contribution plans. Contribution paid or payable under the schemes is recognised during the period in which employee renders the related service.

ii. Defined Benefit Plans:

The employees' gratuity is a defined benefit plan. The present value of the obligation under such plan is determined based on the actuarial valuation using the projected unit credit method which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the financial obligation. The Company has an employee gratuity fund managed by Life Insurance Corporation of India (LIC). Actuarial gains or losses are charged to Profit and Loss Account.

iii. Liability in respect of leave encashment is provided for on actuarial basis using the projected unit credit method same as above.

Schedule for Notes to Accounts

for the year ended on 31st March 2008

BRIGADE PROPERTIES
PVT. LTD

1.8. Investments:

Investments are segregated into Current Investments and Permanent Investments. Permanent Investments are carried at cost of acquisition, unless there is a permanent decline in the value of the investment and Current Investments are carried at lower of Cost and Market Value.

1.9. Provision for Taxation:

Current year Income Tax, if any, is accounted based on the tax payable method. A provision is made for Income Tax annually based on the tax liability computed, after considering tax allowances and exemptions.

The differences that result between the profit offered for Income Taxes and the profit as per the Financial Statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered.

2. NOTES ON ACCOUNTS (forming an integral part of accounts)

2.1. Auditors' Remuneration:

Auditors' remuneration debited to Profit & Loss Account during the year is as follows:

Rupees in Millions	
	2007-08
Audit Fees & Tax Audit Fees	0.01

The above includes the applicable service tax on the fees.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner
Membership No. 200/25588

Place: Bangalore
Date: April 25, 2008

2.2. Particulars of Employees:

The Company has not paid remuneration to employees drawing Rs 24,00,000/- or more per annum where employed for full year or Rs 2,00,000/- or more per month where employed for a part of the year. Hence particulars of such employees as required by Section 217(2A) of Companies Act, 1956, are not required as the part of this statement.

2.3. Foreign Exchange Inflow and Outflow:

There was no Foreign Exchange Inflow or Outflow during the Year.

2.4. Earnings per Share:

Particulars	Year ended 31st March 2008
Net Profit / (Loss) for the Year (used as numerator) (Rupees in Millions)	(0.01)
Number of Shares used in computing Earnings per Share of Face Value Rs 10/- each (used as denominator) (In Millions)	1
Basic & Diluted (Rupees in Millions)	(0.06)

2.5. Details are provided to the extent applicable to the Company for the current Year.

for Brigade Properties Pvt. Ltd

M.R. Jaishankar
Director

Githa Shankar
Director

Upgrade
to

Brigade

OUR QUALITY POLICY

Total customer satisfaction.

Continuous improvement
in products, services and systems.

The Brigade name to be
synonymous with quality.



Brigade Enterprises Limited

Hulkul Brigade Centre, 82, Lavelle Road, Bangalore 560 001.

Ph: +91-80-4137 9200 brigadegroup.com

If undelivered, please return to the above address.