ISHAAN REAL ESTATE PLC
COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

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SHAREHOLDER INFORMATION AND CORPORATE DATA

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The Directors of Ishaan Real Estate plc announce results for the year ended 31 March 2009.

Overview

- Portfolio value down 30%* from 30 September 2008 at £529 million (30 September 2008: £760 million, 31 March 2008: £810 million).
- Underlying INR valuation of portfolio down 41%** to INR 38.6 billion as at 31 March 2009 from INR 65.1 billion as at 30 September 2008(1).
- At 31 March 2009 Reported NAV per share(2) at 67.8p. Adjusted NAV per share(2) at 85.7p. (137.1p at 30 September 2008 and 151.1p at 31 March 2008).
- Financing of c.£300 million (including £220 million of debt facilities) secured to fund the cost of c.£280 million for the area currently under construction.
- Rent has commenced from approximately 915,000 sq. ft. with an annualised rental inflow of approximately £5 million.

Since the year end

- Pre-sold additional c.52,000 sq. ft. at Vivarea, the premium residential project in Mumbai. With this an aggregate of c.34% of the saleable residential space has been pre-sold at Vivarea.
- Agreed terms of c.91,000 sq. ft. have been rescinded by the tenants at Mindspace, Madhapur, Hyderabad. Also, options of c.220,000 sq. ft. are unlikely to be exercised by a tenant at Mindspace, Airoli, Navi Mumbai.
- With this, the total area let, agreed terms or area under option aggregates 2.4 million sq. ft (including 209,000 sq. ft. under option). This total area now constitutes approximately c.40% of the lettable area under construction.
- Successfully completed repurchase of approximately 62 million shares by way of tender offer at a total cost of £18.6 million.
- Pro-forma adjusted NAV per share at 109.5p based on reduced share capital post the tender offer.
- Cash deposits of £20.3 million at 31 May 2009 post the tender offer. (£39.6 million at 31 March 2009)

* After adjusting for construction costs of approximately £31 million incurred in the six month period to 31 March 2009, portfolio value down 33%.
**After adjusting for construction costs of approximately INR 2.7 billion incurred in the six month period to 31 March 2009, portfolio value down 43%.

Ian Henderson, Chairman of Ishaan, said: "We continue to make progress on the development of the assets in the portfolio. While the real estate market in India, as elsewhere in the world, remains challenging, we continue to adopt a cautious stance on the timing of the development of further buildings. While we remain confident about the long term prospects of the Indian economy and real estate market, we will continue to monitor the market conditions and respond appropriately to events. Our projects are positioned to react flexibly to demand and supply conditions in the Indian real estate market. While conditions are difficult at present, when demand improves we will be well placed to provide the high quality commercial space tenants require, quickly and competitively.

We were pleased with the result of our tender offer to repurchase shares which we believe will enhance the long term value of Ishaan to our shareholders."

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[1] Exchange rate used for the purpose of this statement is 1GBP = 72.86 INR, the Reserve Bank of India reference rate at 31 March 2009. Exchange rate at 30 September 2008 was 1GBP = 85.57INR and at 31March 2008 was 1GBP = 79.53INR

[2] Reported NAV per share is not considered the best method of evaluating performance as it excludes valuation surpluses attributable to the development properties intended for sale. Adjusted NAV per share at 31 March 2009 includes all investments at current valuations in proportion to the Group's shareholdings but excludes the impact of the deferred tax provision on the net assets of the Company and is considered by the Board to be a more appropriate method of evaluating the performance of the Company than Reported NAV per share.

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I am pleased to report the Group's (Ishaan Real Estate plc together with its subsidiaries) results for the year ended 31 March, 2009.

Portfolio

The Company highlighted in a trading update on 9 March 2009 a cautious approach to commencing work on new developments beyond those already under construction, given the challenging market conditions in India. Since September 2008, markets have deteriorated further resulting in declining demand for real estate and therefore, the Company has not made any further property investments. The Company repurchased £18.6 million of shares at a price of 30 pence per share in April 2009 via a tender offer. The Board considered that the tender offer was an appropriate means of distributing excess cash held by the Company. Further information on the tender offer is provided below.

Tender Offer

On 25 March 2009 the Board announced a tender offer to repurchase ordinary shares as a means to distribute excess cash held on the Company's balance sheet to Shareholders. Full details of the tender offer were sent to shareholders in a circular dated 25 March 2009.

As a result of the tender offer, in April 2009 the Company repurchased approximately 62.0 million ordinary shares (approximately 30% of the Company's issued share capital) at a price of 30 pence per ordinary share and at a total cost of £18.6 million. The ordinary shares repurchased have been cancelled and the share capital and total voting rights in the Company as at 1 May 2009 is 144,897,659 ordinary shares.

Following the repurchase of shares under the tender offer, the Company had net cash of £20.3 million at 31 May 2009.

Results for the year ended 31 March 2009

The loss before tax for the year amounted to £59.5 million, primarily arising from the write-down of investments in associates to the Company's share of the net assets in associates, resulting in a charge of £81.7 million and the cost of investment advisory fees, partly offset by interest income on deposits held. When the original investments were made a provision for promote fees, payable to the Investment Advisor, was added to the cost of investments based on the valuations at the time of the acquisition. With the fall in valuations, £25.8 million of the provision is no longer required, so has been written back through the Income Statement, giving a net charge of £55.9 million, which includes a provision for deferred tax.

Valuation

The 100% interest in the properties in the portfolio have been valued by Cushman & Wakefield (India) Pvt. Limited ('Cushman & Wakefield') at 31 March 2009 at a total of INR 38.6 bn, a decline of 41% against INR 65.1 bn at 30 September 2008 and a decline of 40% against INR 64.4 bn at 31 March 2008. For development projects, the valuation assumes completion to a high standard and is based on gross development value less future expenditure to be incurred on costs of development. The valuation does not provide for any taxes as may be applicable to the Indian SPVs and/or the Group and is arrived at following the same principles as adopted for past valuations.

After conversion to £ Sterling, the entire portfolio was valued at £529 million at 31 March 2009, which includes construction costs incurred to date. Ishaan's 40% interest in the total portfolio was £212 million at 31 March 2009, against £304 million at 30 September 2008 and £324 million at 31 March 2008. This portfolio value, which adjusts for construction costs incurred to 31 March 2009, is 33% lower than 30 September 2008 value and 41% lower than 31 March 2008 value. Declines in valuation were offset by a 10% upward movement in value compared with 30 September 2008 and a 5% upward movement compared with 31 March 2008 on account of exchange translation gains (the exchange rate moved from INR 79.53 on 31 March 2008 and INR 85.57 on 30 September 2008 to INR 72.86 on 31 March 2009).

The significant fall in valuation is largely attributable to an increase in the average capitalisation rates across the portfolio to 12% - 12.5% from 10.5% since the 30 September 2008 valuation, the softening of assumed rental rates by an average of approximately 15% and the delay to completion and expected letting of the Company's developments (as detailed below). In addition some of the agreed terms/ letters of intent have not materialised and some options have not been exercised. This has resulted in a reduction of expected rental inflows and the need to delay completion of the developments, thus reducing the valuation of the portfolio.

Net Asset Value per Share

Accounting net asset value per share was 67.8p at 31 March 2009 against 99.4p at 30 September 2008 and 95.5p at 31 March 2008. The accounting net asset value per share is calculated based on the group's net assets of £140.3 million at the year end divided by the number of shares in issue at the balance sheet date of 206.9 million shares. Accounting net asset value per share at 31 March 2009 excludes valuation surpluses attributable to the development properties intended for sale.

Adjusted net asset value per share was 85.7p at 31 March 2009. Adjusted NAV per share at 31 March 2009 includes all investments at current valuations in proportion to the Group's shareholdings but excludes the impact of the deferred tax provision on the net assets of the Company and is considered by the Board to be a more appropriate method of evaluating the performance of the Company than Reported NAV per share. The Board considers it appropriate to exclude the provision for deferred tax in determining the Adjusted NAV per share as the Group's exit from shareholding in Indian companies is not expected to entail sale of development properties intended for earning rentals so as to necessitate realisation or crystallisation of the deferred tax provision. Further, recent Indian judicial developments have upheld the requirement that acquirers of controlling stakes in Indian companies should withhold Indian tax from consideration payable to overseas sellers. These judicial developments are tentative and inconclusive about the ultimate Indian tax liability of the overseas sellers on gains from divestment of controlling stakes in Indian companies, and also about their applicability to divestment by overseas sellers of minority stakes in Indian companies. Given these uncertainties, the Board considered it pre-mature to include any provision in respect of this, in determining the Adjusted NAV per share.

The Adjusted net asset value per share at 31 March 2009 based on the reduced share capital of 144.9 million shares, post the tender offer completed in April 2009, is 109.5p.

Project Progress

Rental income has commenced on an aggregate area of 915,000 sq. ft. across three projects in the portfolio - Mindspace, Airoli, Navi Mumbai; Mindspace, Madhapur, Hyderabad (SEZ) and Mindspace, Madhapur, Hyderabad (Non-SEZ). Rent of approximately £2 million has been generated and received from these lettings in financial year 2008-09 and approximately £5 million is expected for financial year 2009-10. In addition the Company expects rent to commence on another c.1 million sq. ft. of space currently under construction by March 2010.

Of the aggregate planned built up area in the portfolio of c.22.1 million sq. ft., c.8 million sq. ft. was under construction. However, given the slowdown in demand, development of c.1 million sq. ft. has been slowed down. Consequently, the revised area currently under construction is now c.7 million sq. ft. comprising c.6 million sq. ft. of office and retail space and c.1 million sq. ft. of hotel and residential space.

Of the area currently under construction, 1.6 million sq. ft. is let, terms have been agreed for approximately 605,000 sq. ft., and a further 209,000 sq. ft. is under option. As a result, approximately 40% of the lettable area under construction and 11% of the total lettable area of the portfolio is now either let, terms agreed or under option.
Updated levels of letting activity in the Company's portfolio are as follows:

Project	Area let (sq. ft.)	Terms agreed (sq. ft.)	Area under option (sq. ft.)	Aggregate area (sq. ft.)	% of area under construction	Area yielding rent (sq. ft.)
Mindspace, Airoli, Navi Mumbai	443,000	157,000	62,000	662,000	46%	421,000
Mindspace, Pocharam	26,000	-	26,000	52,000	15%	-
Mindspace, Madhapur (SEZ)	80,000	-	24,000	104,000	10%	31,000
Mindspace, Madhapur (non-SEZ)	635,000	98,000	97,000	830,000	50%	463,000
Inorbit, Hyderabad	379,000	116,000	-	495,000	65%*	-
Inorbit, Pune	-	133,000	-	133,000	27%*	-
Commerzone, Bangalore	-	101,000	-	101,000	38%*	-
Total	**1,563,000**	**605,000**	**209,000**	**2,377,000**		**915,000**

** percentage of lettable retail area*

Since the last trading update on the 9 March 2009, terms have been agreed for an aggregate of approximately 388,000 sq. ft. (including approximately 183,000 sq. ft. under option) largely at Mindspace, Madhapur, Hyderabad (Non- SEZ); Mindspace, Madhapur, Hyderabad (SEZ) and Mindspace, Airoli, Navi Mumbai.

However, options of approximately 43,000 sq. ft. at Mindspace, Madhapur, Hyderabad (SEZ) and agreed terms of approximately 252,000 sq. ft. at Mindspace, Airoli, Navi Mumbai; Mindspace, Madhapur, Hyderabad (SEZ) and Inorbit Hyderabad have been rescinded by the potential tenants.

Demand for residential space has shown signs of recovery. Since the last results announcement on 3 December 2008, c.68,000 sq. ft. of residential space has been pre-sold at Vivarea, Mumbai (including c.52,000 sq. ft. pre-sold since the year end). With this, a total of approximately 225,000 sq. ft. has been pre-sold at this project, representing c.34% of the saleable residential space, at prices higher than those estimated at the time of IPO.

Since the year end, area of c.91,000 sq. ft. at Mindspace, Madhapur, Hyderabad, where terms were agreed, has not been taken up by the tenants. Also, options of c.220,000 sq. ft. at Mindspace, Airoli, Navi Mumbai are unlikely to be exercised by the tenant.

As highlighted in previous updates, the impact of the global economic slowdown has resulted in the Company adopting a cautious stand on the timing of further developments beyond those already under construction. The Board has, together with its investment adviser, reviewed the status and outlook for each of the projects in the portfolio and has estimated an extension of the completion schedules as described below:

Projects	**Estimated completion at 30 September 2008**	**Estimated completion at 31 March 2009**
Mindspace, Airoli, Navi Mumbai	Q4 2011	Q3 2013
Mindspace, Pocharam, Hyderabad	Q3 2012	Q3 2014
Mindspace, Madhapur, Hyderabad (SEZ)	Q3 2011	Q3 2012
Mindspace, Madhapur, Hyderabad (non-SEZ)	Q1 2009	***
Inorbit, Cyberabad		
- Mall	Q1 2009	Q3 2009
- IT #	Q1 2009	Q1 2012
Inorbit, Pune		
- Mall	Q3 2009	Q3 2010
- IT #	Q3 2009	Q1 2012
Vivarea, Mumbai	Q3 2010	Q3 2011
Commerzone, Bangalore		
- Hotel	Q1 2010	Q1 2011
- Serviced Apartments #	Q1 2010	Q1 2014
- Retail	Q1 2010	Q1 2011
- IT #	Q1 2010	Q3 2012
Mindspace, Juinagar, Navi Mumbai #	Q3 2012	Q1 2015

*** Of the three buildings in the project, two buildings are operational. Structural work on the third building is complete and finishing work will be stepped up based on the letting progress.

Construction has been slowed down at these projects in view of weak demand. Work will recommence once market conditions improve and there is an evidence of occupier demand.

Costs & Financing

The Reserve Bank of India (RBI) has taken various measures to ease liquidity and improve domestic financing markets. Since October 2008, the RBI has reduced the Cash Reserve Ratio from 9% to 5% and the repo rate (the rate at which the RBI lends to commercial banks in India) from 9% to 4.75% augmenting liquidity by US$ 92 billion. The RBI has also reduced the risk weighting on loans for commercial real estate from 150% to 100% and the standard asset provisioning requirements from 2.0% to 0.4%. These measures have helped to improve liquidity and have provided support to the real estate sector in meeting its financing requirements. Banks, however, continue to adopt a cautious approach towards lending to the sector.

RBI measures have also helped the softening of interest rates. Current interest rates on the funding secured by the SPVs are approximately 12%-13%, a reduction of 100-200 bps compared to the interest rates incurred in the first half of the financial year ended 31 March 2009. Interest rates are expected to soften further as India's annual inflation rate has eased giving the RBI the room to reduce interest rates further to boost the economy.

The Indian SPVs are well funded to meet the development requirements of the area currently under construction. The SPVs have secured funding of approximately INR 22 bn (approximately £300 million) comprising shareholders equity of approximately INR 4 bn (approximatley £60 million), debt facilities of approximately INR 16 bn (approximately £220 million) and security deposits received / receivable on the lettable area currently under construction of approximately INR 1.5 bn (approximately £20 million).

The debt facility of approximately INR 16 bn (approximately £220 million) includes debt of approximately INR 10 bn (approximately £140 million) in form of long term amortizing loans. The balance debt of approximatley INR 6 bn (approximately £80 million) is construction debt repayable over financial year 2009-10 to financial year 2012-13 (approximatley INR 2 bn (approximately £30 million) is due for repayment in financial year 2009-10). Construction debt is normally converted into lease rent discounting loans once the lease rentals commence.

The Company estimates the cost of the area currently under development (excluding Vivarea, the premium residential development in central Mumbai, which is expected to be self-funding) to be approximately INR 20 bn (approximately £280 million), of which approximately INR 16 bn (approximately £220 million) has been incurred up-to 31 March 2009. The Indian SPVs had drawndown debt of approximately INR 10 bn (approximatley £140 million) at 31 March 2009. The unutilised facility at 31 March 2009 is approximately INR 6 bn (approximatley £80 million). In addition, c.34% of the saleable residential space at Vivarea is pre-sold.

Having secured funding for the area currently under development, the Company is confident of meeting its future development requirements through further debt financing and surplus from Vivarea.

Dividend

In accordance with the dividend policy set out in the IPO document, which stated that it was not anticipated that dividends would be paid in the foreseeable future, as projects remain in a highly capital intensive stage, the Board is not declaring a dividend this year. The Board will consider payment of dividends when it becomes commercially prudent to do so.

Outlook

The Company expects 2009 to be a challenging year. Although the outcome of the general elections held in India in May 2009 has reduced concerns of political instability and has helped improve overall sentiment and business confidence, the real estate sector in India is expected to remain subdued until the end of 2010.

Measures taken by the RBI have helped improve the credit situation in India. However, the revival of the real estate sector in India will be dependent on the recovery of global economic situation and the growth rate of the domestic Indian economy reacting to the policy measures that have been introduced.

Against this difficult backdrop, Ishaan intends to implement cost optimization strategies and should benefit from declining commodity prices. Also, several projects announced by competing developers are now being scaled down, cancelled or deferred which will impact availability of high quality space. This should benefit the commercial projects in the Ishaan portfolio once demand revives, as we will have the flexibility to react quickly to market conditions given the progress in development of the buildings in the portfolio. While conditions are difficult at present, when demand improves we will be well placed to provide the high quality commercial space tenants require, quickly and competitively.

The improvement in the global economic situation and the easing of liquidity in international and domestic financial markets, is expected to help reduce capitalisation rates going forward and also aid recovery of demand for real estate.

The Company remains confident in its ability to sustain the progress made on the development of the high quality of assets in its portfolio. While short term pressures on the business are expected to continue, the Company believes that real estate development is a long-term process of value creation. The SPVs developing the projects remain well placed to finance the cost of developments and the Company will focus on executing its revised development schedule.

We are confident that the excellent relationship that has been established with our investment advisors will deliver the best return that can be anticipated in this challenging environment.

Ian Henderson
Chairman

PORTFOLIO

The Portfolio includes commercial, residential, hospitality and retail real estate development projects located primarily in or around the Indian cities of Mumbai, Hyderabad, Bangalore and Pune, and provides the Group with a presence in India with significant geographic and sector diversification. All four SEZ projects in the portfolio Mindspace, Airoli, Navi Mumbai; Mindspace Madhapur, Hyderabad (SEZ development); Mindspace, Pocharam, Hyderabad and Mindspace, Juinagar, Navi Mumbai have been approved and formally notified as SEZs. The nine Projects in the portfolio have an aggregate planned built up area of approximately 22.1 million square feet.

Projects	Type	SPV	Area msf	Estimated completion
Mindspace, Airoli, Navi Mumbai	IT SEZ	Serene	3.91	Q3 2013
Mindspace, Pocharam, Hyderabad	IT SEZ	Serene	3.80	Q3 2014
Mindspace, Madhapur, Hyderabad (SEZ)	IT SEZ	Sundew	4.65	Q3 2012
Mindspace, Madhapur, Hyderabad (non-SEZ)	IT Park	Intime	1.65	***
Inorbit, Cyberabad				
- Mall	Primarily Retail	Trion	0.76	Q3 2009
- IT			0.32	Q1 2012
Inorbit, Pune				
- Mall	Primarily Retail	Trion	0.49	Q3 2010
- IT			0.19	Q1 2012
Vivarea, Mumbai	Residential	Genext	0.86	Q3 2011
Commerzone, Bangalore				
- Hotel	Mixed Use	Magna	0.27	Q1 2011
- Serviced Apartments			0.29	Q1 2014
- Retail			0.27	Q1 2011
- IT			0.19	Q3 2012
Mindspace, Juinagar, Navi Mumbai	IT SEZ	Newfound	4.50	Q1 2015

*** Of the three buildings in the project, two buildings are operational. Structural work on the third building is complete and finishing work will be stepped up based on the letting progress.

Portfolio Details

Mindspace, Airoli, Navi Mumbai

This IT SEZ project is located in a satellite city of Mumbai, approximately 35 kilometres from central Mumbai. It benefits from well-planned and modern infrastructure, good connectivity and a large pool of educated manpower. The project is strategically located to become the commercial hub of the rapidly growing city of Navi Mumbai with close proximity to residential areas and is situated opposite Airoli Railway station and easily accessible from catchment areas like Vashi, Panvel, Chembur and Vikhroli.

The project involves development of 3.9 million sq. ft. and is due for completion in Q3 2013. One of the buildings is operational with rent having commenced on 421,000 sq. ft. Finishes and utilities work is in progress on the other three buildings. Space been handed over to a tenant for fit-outs in one of these buildings. Super-structure work is in progress on the fifth building.

Further lettings of approximately 152,000 sq. ft. (including approximately 62,000 sq. ft. under option) have been agreed at this project. One tenant has not proceeded with agreed terms of approximately 39,000 sq. ft. and another tenant is unlikely to take up options of approximately 220,000 sq. ft. resulting in the total area let, terms agreed or area under option of 662,000 sq. ft. (46% of the area currently under construction).

Mindspace, Pocharam, Hyderabad

This IT SEZ is located in an upcoming nucleus of development with infrastructure well-suited to IT/ITES industries. With an existing residential catchment area and a number of colleges and universities in the vicinity, this SEZ will lead to the geographical diversification of current development to East Hyderabad. Pocharam is easily accessible by road and more infrastructure is being planned around this site. The proposed metro rail is expected to run close to the site. Besides, the proposed Hyderabad outer ring road is planned to pass 2 kms from the project. The new international airport will be easily accessible via the outer ring road.

This project is a 3.8 million sq. ft. IT SEZ development set in 66 acres and is due for completion in Q3 2014. One building at this project is currently under construction with finishes and utilities work on-going. Super structure work is partly completed on another building. Area let or under option at this project stands at 52,000 sq. ft. The Company plans to commence construction of further buildings in this project only after a satisfactory level of agreed lettings is achieved for the unlet area currently under construction

Mindspace, Madhapur, Hyderabad (SEZ Development)

This IT SEZ is located in the hub of the technology industry's development in Hyderabad, one of the largest cities in India. Equipped with an excellent telecom infrastructure, a well developed civic infrastructure and huge potential for trained manpower, Hyderabad has become an attractive choice for global IT/ITES companies. The project involves the development of an IT SEZ next to the existing Mindspace development. The project is well connected by road and transportation networks and is strategically located.

This project totals approximately 4.7 million sq. ft. of planned development. Construction has been completed on one of the buildings and the entire development is due for completion in Q3 2012. One of the tenants has taken occupation and rent has commenced on 31,000 sq. ft. However, some potential tenants, who had agreed terms, have not proceeded with the letting. Super-structure work is in progress on another building and excavation work has been completed on other two buildings.

Additional pre-letting of approximately 36,000 sq. ft. (including 24,000 sq. ft. under option) has been agreed at this project. Options of approximately 43,000 sq. ft. and lettings where terms had been agreed for approximately 258,000 sq. ft. have not been taken up by the tenants. With this, the aggregate lettings agreed at this project stand at approximately 104,000 sq. ft. representing approximately 10% of the area currently under construction.

Mindspace, Madhapur, Hyderabad (Non-SEZ Development)

This IT Park (Non-SEZ) is located within the existing Mindspace development. The project involves development of 1.65 million sq. ft., comprising three office buildings.

Of the three buildings in the project, two buildings are operational with rent having commenced on 463,000 sq. ft. Structural work on the third building is complete and finishing work will be stepped up based on the letting progress. Terms have been agreed for letting of approximately a further 195,000 sq. ft. (including approximately 97,000 sq. ft. under option) at this project increasing the aggregate lettings agreed to approximately 830,000 sq. ft. representing approximately 50% of the area planned for development.

Inorbit, Madhapur, Hyderabad

The project is a primarily retail development adjacent to the existing Mindspace development. Designed by the world's largest retail design firm "Callison", USA, it is a part of the IT city, situated about 15-20 km from the city centre.

The project consists of a development of approximately 760,000 sq. ft. shopping centre with approximately 320,000 sq. ft. of commercial space and 1,000 car parking spaces, aggregating 1.08 million sq. ft. of planned development. Interiors, finishes and utilities work is in progress at this project. Fit-outs are in progress by one of the anchor tenant. The retail space is due for completion by September 2009 with the remainder to be completed by Q1 2012.

c.46,000 sq. ft. of area where terms had been agreed (including 34,000 sq. ft. of the 131,000 sq. ft. of Shoppers Stop, disclosed in the Admission document) has not been taken up by retailers.

Where area has been let or terms have been agreed at this project, total retail space now aggregates 495,000 sq. ft., representing approximately 65% of the retail space planned for development.

Inorbit, Pune

The city's well-developed infrastructure, expressway connection to Mumbai located just two hours away, and large industrial areas situated in the vicinity, make Pune an attractive location for a range of companies including IT, ITES and BPO companies.

This mixed use development consists of plans to develop a 489,000 sq. ft. shopping centre, due for completion in Q3 2010, with 195,000 sq. ft. commercial space due for completion in Q1 2012 and 800 car spaces. Super-structure work is in progress on the mall site. Development of the IT space will only be considered after securing pre-letting from potential tenants. 133,000 sq. ft (including 89,000 sq. ft. of Shoppers Stop as disclosed in the Admission document) representing 27% of retail space planned for development has been pre-let at this project.

Vivarea, Mumbai

The project is located in Mahalaxmi, Central Mumbai. The buildings will overlook Mahalaxmi Race Course and the sea. This premium residential development of approximately 1.5 million sq. ft. (revised from the originally planned development of 1.1 million sq. ft.) comprises four residential towers. Of the four residential towers, one tower is being considered for conversion to a commercial building. Saleable area from the project is approximately 860,000 sq. ft. and the project is due for completion by Q3 2011.

Since the last results announcement on 3 December 2008, c.68,000 sq. ft. of residential space been pre-sold at Vivarea, Mumbai (including c.52,000 sq. ft. pre-sold since the year end). With this, a total of approximately 225,000 sq. ft. has been pre-sold at this project, representing c.34% of the saleable residential space, at prices higher than those estimated at the time of IPO.

Super-structure work is in progress on the three residential towers.

Commerzone Bangalore

This project is located in Whitefield. Bangalore, known as the Silicon Valley of India, is one of the fastest growing cities of India and a key location for the IT industry.

The project is being designed by Smallwood, Reynolds, Stewart & Stewart, and involves the development of a hotel (266,000 sq. ft.), serviced apartments (287,000 sq. ft.), a shopping centre (268,000 sq. ft.) and an IT Park (195,000 sq. ft.), giving a total area of approximately 1 million sq. ft. Lettings have been agreed for approximately 101,000 sq. ft. of retail space, representing approximately 38% of the retail space of this project.

Super-structure work is in progress at Hotel and Retail site with completion due by Q1 2011. Discussions are at an advanced stage with a major hotel operator for management of the hotel.

Development of serviced apartments, currently due for completion by Q1 2014, is being reviewed. Also, development of the IT space will be considered only after securing pre-letting from potential tenants but is currently planned to complete by Q3 2012.

Mindspace, Juinagar, Navi Mumbai

This IT SEZ is located in an area undergoing significant regeneration, and is close to existing and planned transport systems, the city centre of Navi Mumbai and large residential areas. The project is also in close proximity to the proposed Navi Mumbai International airport.

The project involves development of a 4.5 million sq. ft. IT SEZ designed by RSP Architect Planners & Engineers. Provisionally scheduled for completion in the first quarter of 2015, foundation work has been completed on three buildings. The Company plans to commence further construction only after there is an evidence of occupier demand and confidence that a satisfactory level of pre-letting can be achieved.

SUSTAINABLE DEVELOPMENT

Under a commitment to develop environmentally friendly sustainable real estate, commercial buildings in the Company's portfolio are planned to be compliant with LEED Certified Green buildings criteria. Green buildings criteria emphasise on usage of environmentally friendly building materials, effective waste management and efficient energy systems that can substantially reduce or eliminate negative environmental impacts and improve existing unsustainable design, construction and operational practices.

Some of the Green initiatives adopted for the commercial buildings in the portfolio are:

- Maximum usage of high efficiency water cooled chillers for better energy efficiency
- Use of CO_2 sensors to monitor indoor environmental quality
- Use of high performance double glazing and insulated brick walls for the exterior envelope
- Installation of building management systems
- Green landscaping, heat reflective paints and over deck insulation on the roofs to reduce heat transgress into building, thereby reducing air conditioning load.
- Usage of downward lighting in the exterior areas for reduction of light pollution
- Achieving exemplary water efficiency by using treated water from STP for make up water for flushing & landscaping and using water efficient plumbing fixtures
- Providing design and construction guidelines for fit-outs to tenants to encourage them to incorporate green building features
- Usage of ozone friendly HFC refrigerants for air-conditioning
- Usage of paints, adhesives and sealants with low Volatile Organic Content (VOC)

Commercial buildings in the Ishaan portfolio have mostly been registered as Green buildings with the Indian Green Building Council, which is affiliated to the US Green Building Council. These initiatives besides contributing to a healthier environment would help the tenants optimise costs through efficient use of energy and water and also enhance employee productivity.

Our residential development would also be developed as Green homes resulting in power and water savings for our customers and also ensuring efficient indoor air quality.

The Directors hereby submit their annual report together with the audited financial statements of Ishaan Real Estate Plc (the "Company") and the consolidated financial statements of the Company and its subsidiaries (together the "Group") for the financial year ended 31 March 2009.

The Company
The Company was incorporated in the Isle of Man and its principal activity is that of a holding company. It is the ultimate parent company of the Group, comprising the Company and the subsidiaries listed in note 12. The Company was established to acquire interests in foreign direct investment eligible Indian real estate development projects, with a focus on IT park development and Special Economic Zones located in southern and western India. The Company will also invest in other real estate asset types including, but not limited to commercial, hospitality, retail and residential development projects.

Business Review and Future Developments
A review of the business is presented in the Chairman's Statement on pages 4 to 9. Consideration is also given in the Chairman's Statement to the future developments of the Company.

Results and Dividends
The results and financial position of the Group and the Company at the year-end are set out on pages 22 to 26 of the financial statements. The Group made a loss for the year after taxation amounting to £59.460 million *(2008: loss of £1.827 million)* and this amount has been taken to reserves.

The Directors anticipate that dividends will not be paid in the foreseeable future but will consider the payment of dividends when it becomes commercially prudent to do so. The Directors do not intend to pay dividends unless the Group has generated profits and such profits have been remitted to and realised by the Company. The Directors do not therefore intend to declare a dividend at this time.

During the year the Company bought back 234,000 (2008: Nil) ordinary shares with a total nominal value of £2,340, at a weighted average price of £0.33 per share. The shares were then cancelled and the nominal value transferred to the share capital redemption reserve.

In April 2009, the Company successfully completed the tender offer by repurchase of approximately 62 million Ordinary shares (constituting approximately 30% of the Company’s issued share capital) at a price of 30 pence per Ordinary share at a total cost of £18.6 million.

Directors
The Directors who held office during the year and up to the date of this Report were:

Names	**Date appointed**
Ian James Henderson (Chairman)	31-Oct-06
Rajendra Prabhakar Chitale	31-Oct-06
Neel Chandru Raheja	31-Oct-06
Timothy Graham Walker	31-Oct-06
Vittorio Radice	31-Oct-06
Stephen John Roland Vernon	01-Aug-07

At each annual general meeting one third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one third) shall retire from office by rotation. The retiring Directors shall be eligible for re-election. No Director shall be required to retire and no person shall be incapable of being appointed or re-appointed a Director by reason of having attained the age of seventy or any other age.

Details of Interests

Neel Raheja is a shareholder and director of various K. Raheja Corp entities. These include Trion Properties Private Limited, Serene Properties Private Limited, Genext Hardware and Parks Private Limited, Sundew Properties Private Limited, Intime Properties Private Limited and Newfound Properties and Leasing Private Limited “the Indian

Investment Vehicles" which have issued shares to the Mauritian Subsidiaries and K Raheja Services Private Limited which is contracted to provide services to the Indian Investment Vehicles.

The amount paid by the Indian Investment Vehicles to K Raheja Services Private Limited during the year was £6.595 million *(2008: £4.034 million)* and other amounts paid to other K Raheja Corp entities were £0.208 million (2008: £0.195 million). In addition, amounts of loan taken during the year from K Raheja Corp entities was £7.597 million (2008: £5.078 million) and loan amounts repaid during the year was £9.777 million (2008: £4.626 million).

Neel Raheja indirectly co-owns the Investment Advisor - Neerav Investment Advisory Services (Dubai) Limited. As at 31 March 2009, Neerav Investment Advisory Services (Cyprus) Private Limited, the parent company of the investment advisor, held 6,143,811 shares of the Company (2008: Nil shares).

Options have been granted for nil consideration over Ordinary Shares of £0.01 each as follows:-

Name	No of Ordinary Shares under Option	Grant date	Exercise Period	Exercise Price
Ian Henderson	300,000	20/11/2006	7 years from 20/11/09	£1
Vittorio Radice	90,000	20/11/2006	7 years from 20/11/09	£1

In addition, the following Directors, on each anniversary date of their effective date of appointment, are entitled to share options over the number of ordinary shares calculated in accordance with the formula stated in their letters of appointment. The value of the share options to be granted is stated against their names below:-

Name	Value of options GBP	Effective date of appointment
Ian Henderson	100,000	7 November 2006
Vittorio Radice	30,000	7 November 2006
Stephen Vernon	30,000	1 August 2007

Ian Henderson, Vittorio Radice and Stephen Vernon are entitled to the grant of share options for the financial year ended 31 March 2009. The value of the share options has been provided for in the financial statements. The grants of options due to the directors are as follows:

	31 March 2009		31 March 2008	
Name	No. of ordinary shares	Average price per share (pence)	No. of ordinary shares	Average price per share (pence)
Ian Henderson	111,160	89.96	101,265	98.75
Vittorio Radice	33,348	89.96	30,379	98.75
Stephen Vernon	30,364	98.80	-	-

The Board at its meeting held on 5 March 2008 approved the grant of an option for the 2008 share options and these were issued on 15 August 2008 to the directors. The 2009 options are yet to be approved and granted by the Board.

Details of the terms attaching to the share options are set out in note 23.

The interests of the Directors in the share capital of the Company as at 31 March 2009 are set out below:-

Name	No. of Ordinary Shares
Ian Henderson	351,265
Vittorio Radice	280,392
Tim Walker	25,000
Stephen Vernon	300,000

In addition to the above, Neel Raheja indirectly co-owns Neerav Investment Advisory Services (Cyprus) Private Limited, the parent company of the investment advisor, which held 6,143,811 shares of the Company (2008: Nil shares).

The mid market price of each ordinary share as at 31 March 2009 was £0.2175 *(2008: £0.905)* and the range during the year was £0.1825 to £1.035 *(2008: £0.89 to £1.18)*.

Save as disclosed above, none of the Directors had any interest during the year in any material contract for the provision of services which was significant to the business of the Company.

Substantial Shareholdings
As at 30 April 2009, the Board had been notified, or was otherwise aware of, the following shareholdings exceeding 3% and over of the issued share capital:

Name	No. of Ordinary Shares*	% of Issued Share Capital
Lone Pine Capital, L.L.C.	56,632,342	39.08
Deutsche Bank AG (Broker Group)	18,624,383	12.85
JP Morgan (Custodian Group)	7,408,908	5.11
Royal Bank of Canada Europe Limited	7,334,266	5.06
Neerav Investment Advisory Services (Cyprus) Private Limited	6,143,811	4.24
Standard Life Investments Limited	5,725,893	3.95
Goldman Sachs	5,160,460	3.56
Commonwealth Bank (Institutional Group)	4,989,634	3.44
UBS AG	4,443,017	3.07

*The shareholding is post the Tender Offer.

Independent Auditors
KPMG Audit LLC have expressed their willingness to continue in office in accordance with Section 12 (2) of the IOM Companies Act, 1982.

Corporate Governance
Whilst the combined code issued by the Financial Reporting Council does not apply to AIM companies, the directors consider corporate governance to be an important area and accordingly have provided the disclosure below to outline how the governance of the Group is conducted.

Board of Directors
The Company has an experienced Board which currently comprises a non-executive Chairman and five other non-executive Directors.

The Board meets regularly and is provided with relevant information on financial, business and corporate matters prior to meetings. The Directors are responsible for the determination and implementation of the Group's investment strategy and have overall responsibility for the Group's activities, including the review of the Group's investment activities and performance.

Audit Committee
The Company does not consider it necessary to establish an Audit Committee given the nature of the Company. The Board undertakes all functions that would normally be delegated to the Audit Committee including reviewing annual and interim results, receiving reports from the auditors, agreeing auditors' remuneration and assessing the effectiveness of the audit and internal control environment. Where necessary the Board will obtain specialist advice from either its auditors or other advisors.

Remuneration and Nomination Committees
The Company also does not intend to establish Remuneration and Nomination Committees as such committees would not be appropriate given the nature of the Company's operations. The Board will review annually the

remuneration of the Directors and agree the level of non-executive fees. Consideration will be given by the Board to future succession plans for Board members as well as consideration as to whether the Board has the skills required to effectively manage the Company. The Company will take all reasonable steps to ensure compliance by the Directors and any employees with the provisions of the AIM Rules relating to dealings in securities of the Company and has adopted a share dealing code for this purpose.

Investment Committee
The Company has an Investment Committee consisting of the Directors of the Company's intermediate holding company, I Holding Company (Mauritius) Ltd, which will review any recommendations for acquisitions or divestments received from the Investment Adviser.

Internal Control
The Board undertakes all functions that would normally be delegated to the Audit Committee which includes assessing the effectiveness of the audit and internal control environment. Where necessary the Board obtains specialist advice from either its auditors or other advisers. On 1 December 2006 Morefield Financial Consultants Limited were appointed as consultants to provide the Company with non-binding advice and services on financial issues, such as accounting procedures, management accounts, cash flow in relation to the Company's property portfolio and to perform such other similar services. In addition Simcocks Trust Limited were appointed to provide administration, registrar and accounting services to the Company, such services being controlled by their own internal procedures.

There are inherent limitations in any system of internal control and such a system can provide only reasonable, but not absolute, assurances against material misstatement or loss. The Company does not have its own internal audit function but places reliance on compliance and other control functions of its service providers.

By Order of the Board

Ian Henderson
Chairman

Date: 29 June 2009

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year, which meet the requirements of Isle of Man company law. In addition, the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards.

The Group and Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

We have audited the group and parent company financial statements ("the financial statements") of Ishaan Real Estate plc for the year ended 31 March 2009 which comprise the Group and Company Income Statements, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and the Group and Company Statements of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors
The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Isle of Man company law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities on page 19.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Isle of Man Companies Acts 1931 to 2004. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' transactions with the Company is not disclosed.

We read the Directors' Report and any other information accompanying the financial statements and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the UK Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Group's and Parent Company's affairs as at 31 March 2009 and of the Group's and Parent Company's loss for the year then ended; and
- have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004.

KPMG Audit LLC
Chartered Accountants
Douglas, Isle of Man

Date: 29 June 2009

ISHAAN REAL ESTATE PLC
INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

	Notes	**Group 2009 £000's**	**Company 2009 £000's**	Group 2008 £000's	Company 2008 £000's
Administrative expenses	8	**(4,023)**	**(931)**	(3,517)	(1,049)
Share of post tax (losses) of associates	11	**(1,438)**	**-**	(603)	-
Write-down of investments in associates net of investment adviser performance fees	10	**(55,913)**		(1,993)	
Write-down of investments in subsidiaries	12	**-**	**(63,120)**	-	-
Group operating loss from continuing operations		**(61,374)**	**(64,051)**	(6,113)	(1,049)
Net finance income	5	**1,914**	**1,907**	4,286	4,191
(Loss)/profit from continuing operations before tax		**(59,460)**	**(62,144)**	(1,827)	3,142
Taxation	6	**-**	**-**	-	-
(Loss)/profit for the year from continuing operations attributable to equity holders of parent		**(59,460)**	**(62,144)**	(1,827)	3,142
Basic and diluted loss per share attributable to equity holders of the parent for the year (expressed as pence per share)					
Basic loss per share	17	**(28.72)**		(0.88)	
Diluted loss per share	17	**(28.72)**		(0.88)	

The notes on pages 27 to 45 form an integral part of these financial statements.

ASSETS	Notes	Group 2009 £000's	Company 2009 £000's	Group 2008 £000's	Company 2008 £000's
Non-current assets					
Investments in associates	11	107,044	-	188,241	-
Investments in subsidiaries	12	-	96,360	-	159,480
Amounts due from subsidiaries	13	-	5,797	-	3,516
		107,044	102,157	188,241	162,996
Current assets					
Trade and other receivables	14	204	193	234	228
Cash and short term deposits	15	39,590	39,469	40,699	40,538
		39,794	39,662	40,933	40,766
TOTAL ASSETS		146,838	141,819	229,174	203,762
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the parent company					
Share capital	16	2,069	2,069	2,070	2,070
Share capital redemption reserve	16	2	2		
Share premium	16	175,933	175,933	195,481	195,481
Retained (losses)/profits		(37,656)	(36,348)	208	6,114
Total equity		140,348	141,656	197,759	203,665
Current liabilities					
Trade and other payables	18	947	163	112	97
Non-current liabilities					
Financial liabilities	19	5,543	-	31,303	-
TOTAL EQUITY AND LIABILITIES		146,838	141,819	229,174	203,762

Approved by the Board of Directors on 29 June 2009
and signed on its behalf by:

Ian Henderson
Director

Tim Walker
Director

The notes on pages 27 to 45 form an integral part of these financial statements.

ISHAAN REAL ESTATE PLC
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

	Group 2009 £000's	Company 2009 £000's	Group 2008 £000's	Company 2008 £000's
OPERATING ACTIVITIES				
(Loss)/profit before tax from continuing operations	**(59,460)**	**(62,144)**	(1,827)	3,142
Adjustments for:				
Interest income	**(1,914)**	**(1,907)**	(4,286)	(4,191)
Share of losses of associates	**1,438**	**-**	603	-
Share based payment charge	**51**	**51**	12	12
Grant of directors' annual share options	**160**	**160**	202	202
Write-down of investments in associates net of investment adviser performance fee/ subsidiaries	**55,913**	**63,120**	1,993	-
Operating loss before working capital changes	**(3,812)**	**(720)**	(3,303)	(835)
Decrease in trade and other receivables	**30**	**35**	758	757
Increase/(decrease) in trade and other payables	**835**	**66**	(127)	(127)
Net cash flows from operating activities	**(2,947)**	**(619)**	(2,672)	(205)
INVESTING ACTIVITIES				
Interest received	**1,914**	**1,907**	4,286	4,191
Investment in associates	**-**	**-**	(114,978)	-
Investments in subsidiaries	**-**	**-**	-	(104,424)
(Increase) in amounts due from subsidiaries	**-**	**(2,281)**	-	(2,427)
Net cash flows used from investing activities	**1,914**	**(374)**	(110,692)	(102,660)
FINANCING ACTIVITIES				
Purchase of own share capital	**(76)**	**(76)**	-	-
Net cash flows used from financing activities	**(76)**	**(76)**	-	-
Net movements in cash and cash equivalents	**(1,109)**	**(1,069)**	(113,364)	(102,865)
Cash and cash equivalents at the beginning of the period	**40,699**	**40,538**	154,063	143,403
Cash and cash equivalents at 31 March	**39,590**	**39,469**	40,699	40,538
Represented by:				
Cash and short term deposits	**39,590**	**39,469**	40,699	40,538
	39,590	**39,469**	40,699	40,538

The notes on pages 27 to 45 form an integral part of these financial statements.

ISHAAN REAL ESTATE PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

GROUP	Note	Issued Capital £000's	Share Capital Redeption Reserve £000's	Share Premium £000's	Retained Earnings £000's	Foreign Currency Translation Reserve £000's	Total Equity £000's
At 31 March 2007		2,070	-	195,481	1,739	-	199,290
Share based payment charge	23	-	-	-	12	-	12
Grant of directors' annual share options	23	-	-	-	202	-	202
Retained loss for the year		-	-	-	(1,827)	-	(1,827)
Translation reserve – associates		-	-	-	-	82	82
At 31 March 2008		2,070		195,481	126	82	197,759
Share based payment charge	23	-	-	-	51	-	51
Grant of directors' annual share options	23	-	-	-	160	-	160
Issue of shares under directors' 2008 annual options	16	1	-		(1)	-	-
Own shares acquired	16	(2)	2	-	(76)	-	(76)
Retained loss for the year		-	-	-	(59,460)	-	(59,460)
Translation reserve – associates		-	-	-	-	1,914	1,914
Court approved capital reduction		-	-	(19,548)	19,548	-	-
At 31 March 2009		**2,069**	**2**	**175,933**	**(39,652)**	**1,996**	**140,348**

The notes on pages 27 to 45 form an integral part of these financial statements.

ISHAAN REAL ESTATE PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

COMPANY	Note	Issued Capital £000's	Share Capital Redeption Reserve £000's	Share Premium £000's	Retained Earnings £000's	Total Equity £000's
At 31 March 2007		2,070	-	195,481	2,758	200,309
Share based payment charge	23	-	-	-	12	12
Grant of directors' annual share options	23	-	-	-	202	202
Retained profit for the year		-	-	-	3,142	3,142
At 31 March 2008		2,070		195,481	6,114	203,665
Share based payment charge	23	-	-	-	51	51
Grant of directors' annual share options	23	-	-	-	160	160
Issue of shares under directors' 2008 annual options	16	1	-	-	(1)	-
Own shares acquired	16	(2)	2	-	(76)	(76)
Retained loss for the year		-	-	-	(62,144)	(62,144)
Court approved capital reduction		-	-	(19,548)	19,548	-
At 31 March 2009		**2,069**	**2**	**175,933**	**(36,348)**	**141,656**

The notes on pages 27 to 45 form an integral part of these financial statements.

1. The Company

The Company was incorporated in the Isle of Man on 11 August 2006 as a public company under the Isle of Man Companies Acts 1931 to 2004 with registered number 117470C. The Company's ordinary shares are traded on AIM.

The principal activity of the Company and its subsidiaries is that of investment holding.

2. Statement of Compliance with IFRS

The Group and the Company's financial statements are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). A summary of the principal accounting policies which have been applied consistently, is set out in note 3. The preparation of financial statements in accordance with International Financial Reporting Standards requires the directors to make estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

3. Accounting Policies

(a) *Basis of preparation*

The Company and the Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (''IFRS''). The consolidated financial statements are presented in pounds sterling. The financial statements have been prepared under the historical cost convention except for investment properties that have been measured at fair value.

As at 31 March 2009 the Group early adopted the Amendment to IAS 40 Investment Property which amended the definition of Investment Property to include property that is being constructed or developed for future use as investment property.

As a result of the adoption of the above amendment, the investment properties under construction held by associates are now accounted for at fair value. In accordance with the requirements of the amendment, prior year financial statements have not been restated.

(b) *Standards and interpretations not yet effective*

At the date of authorisation of the financial statements, the following standards and interpretation were in issue, but not yet effective. The impact of these statements on the Group's financial statements in the period of initial application is not known at this stage. These statements, where applicable, will be applied in the year when they are effective.

International Accounting Standards (IAS/IFRS)		Effective for accounting periods beginning on or after
IFRS 3	Business combinations	1 July 2009
IFRS 8	Operating Segments	1 January 2009
IAS 23	Amendment - Borrowing costs	1 January 2009
IAS 27	Consolidated and separate Financial statements	1 July 2009
IFRIC 15	Agreement for the construction of Real Estate	1 January 2009

The Directors do not expect the adoption of the other standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

(c) Basis of consolidation

The Group financial statements incorporate the net assets and liabilities of the Group at the balance sheet date and their results for the year then ended.

3. Accounting Policies (continued)

(c) Basis of consolidation (continued)

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them are eliminated.

(d) Investment in subsidiaries

In the Company's financial statements, investments in subsidiaries are shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, the difference is charged to the income statement. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

(e) Interests in associates

The Group's interests in its associates, being those entities over which it has significant influence and which are neither subsidiaries nor joint ventures, are accounted for using the equity method of accounting. The accounting policies of associates are adjusted where necessary to be consistent with those of the Group.

Under the equity method, the investment in an associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of the net assets of the associate, less distributions received and less any impairment in value of individual investments. Cost includes fees directly attributable to the acquisition of associates, including those payable to third parties for finding and recommending the acquisition of the investment measured at the date of acquisition (see ''Adviser Fees'' below). The group income statement reflects the share of the associate's results after tax, with any other changes in the Group's share of an associate's net assets being included within the consolidated statement of changes in equity. Any impairment provisions are recognised in the Group's income statement.

Provided that business activities are restricted to the holding or the development of property, acquisitions of interests in property via corporate entities (including interests held by associates) are not treated as business combinations. Accordingly, no goodwill arises on such acquisitions and the cost of the entity is allocated between the individual identifiable assets and liabilities acquired based on their relative fair values at the date of acquisition.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding sales taxes. In particular:

(a) Revenue from the disposal of properties is recognised on legal completion of the contract.

(b) Where properties are under development and agreement has been reached to sell such properties when construction is complete, revenue is recognised when the significant risks and rewards of ownership and effective control of the real estate have been transferred to the buyer. In most cases the significant risks and rewards of ownership and control over the existing incomplete real estate are not transferred until the buyer obtains possession at contractual completion. If the revenue recognition criteria have been met before construction is complete, then:

(i) if remaining work is required to finish construction of real estate already delivered into the possession of the buyer, then an obligation is recognised for the costs to complete the construction at the same time as the sale is recognised; or

3. Accounting Policies (continued)

(f) Revenue (continued)

(ii) if the remaining work represents goods or services that are separately identifiable from the real estate already delivered to the buyer, then part of sale proceeds are allocated, based on the relative fair values of the completed and outstanding work, to the outstanding work and is recognised when the outstanding work is performed.

(c) Rental income represents amounts in respect of operating leases where the Group is lessor. Rentals receivable under operating leases, and incentives given for lessees to enter into lease arrangements, are spread on a straight-line basis over the term of the lease, even if payments are not made on that basis.

(d) Interest income is recognised on a time proportion basis.

(g) Adviser fees

Adviser fees in respect of executory contracts, such as fees payable under the Investment Advisory Agreement for ongoing advisory services, are charged to the income statement as they accrue.

Adviser fees payable in respect of other services, such as the performance fees payable under the Investment Advisory Agreement for finding and recommending investments to the Group, are recognised when the service has been provided. Performance fees are not payable until the Group exits from each investment or the agreement is terminated other than for cause.

Where such fees are directly attributable to the acquisition by the Group of an associate they are included in the cost of investment in that associate. However, any subsequent changes in the discounted estimates of the payments to be made are recognised in the income statement (see ''Other financial liabilities—adviser fees'' below).

(h) Properties held as inventory

Properties intended for sale in the ordinary course of business (including properties under development) are classified as inventory on the date of their acquisition and carried at the lower of cost and net realisable value in the accounts of the associates.

Cost includes all costs of purchase, conversion and other costs incurred in bringing the properties to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Upon a change in use resulting in the transfer of a property held for sale to investment property, the property is accounted for at fair value and any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in the income statement.

(i) Investment property

During the year, the Group adopted Amendment to IAS 40 Investment property that amended the definition of investment property to include property that is being constructed or developed for future use as investment property.

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both and property that is being constructed or developed for future use as investment property (which includes freehold/leasehold land) are classified as investment properties.

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under International Accounting Standards ("IAS") 40. Any gain or loss arising from a change in value is recognized in the consolidated income statement.

3. Accounting Policies (continued)

(ii) Investment property (continued)

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized directly in equity as revaluation surplus if it is a gain. Upon disposal of the item, the gain is transferred directly to retained earnings to the extent of the revaluation surplus recognized in equity. Any loss arising in this manner is recognized in the consolidated income statement immediately.

If the investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

(j) Borrowing costs

Borrowing costs are recognised as an expense in the period they are incurred, except to the extent they are capitalised.

Borrowing costs that are directly attributable to the development of properties are capitalized in the cost of those properties. The interest capitalised is the gross interest incurred on the specific borrowings less any investment income arising from the temporary investment of those borrowings. Interest is capitalised from the commencement of development work until the date of practical completion when the asset becomes available for occupation. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

(k) Share based payments

The cost of equity-settled transactions with employees and directors is measured by reference to the fair value at the date on which the entitlement is granted and is recognised in the income statement, together with a corresponding increase in equity, over the vesting period.

Fair value is determined by reference to the equity instrument issued using an appropriate option pricing model where necessary. In valuing equity settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions). No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

3. Accounting Policies (Continued)

(l) Foreign currency translation

Each subsidiary and associate of the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the operations in India is the Indian Rupee. The functional currency of the subsidiaries in Mauritius is Sterling. At the reporting date, the assets and liabilities of the Company's associates are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognized in the income statement.

(m) Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at cost which includes transaction costs. Subsequent to initial recognition, they are measured as set out below:-

Trade and other payables

Trade and other payables are stated at their nominal value.

Loans to subsidiaries

Loans to subsidiaries are stated at amount disbursed net of any capital repayments, and are interest free.

Interest-bearing loans and borrowings

Loans and borrowings are initially recognised at fair value net of directly attributable issue costs.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, as well as through the amortisation process.

Other financial liabilities – Adviser fees

Liabilities arising from Adviser fees that are determined by amounts realised on disposal of investments, or by the occurrence of other events, are financial liabilities and are initially recognised at fair value. Fair value is determined as the Directors' estimate of the present value of the future cash flows payable. Where no reliable indicators of future market conditions exist, the Directors base their estimates of future cash flows on conditions in the market at the date of approval of the financial statements. The discount rate used represents the Directors' estimate of the risk adjusted value of money.

After initial recognition the liability is measured at amortised cost using the effective interest rate method. The estimates of the payments to be made are reviewed at each balance sheet date and the carrying value of the liability is adjusted to reflect actual and revised estimated cash flows using the instrument's original effective interest rate. The adjustment is recognised in the income statement.

3. Accounting Policies (Continued)

(n) Taxation

Current tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the taxation authorities, based on tax rates and laws that are enacted or substantially enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

(a) where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss

b) in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

(c) deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilized.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(o) Impairment of assets

At each balance sheet date, the carrying amounts of assets are assessed to determine whether there is any indication of impairment. If such indication exists, the Group estimates the recoverable amount of the asset, being the higher of the asset's net selling price and its value in use. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense in the income statement.

(p) Related parties

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash deposited with banks and bank overdrafts repayable on demand.

4. Critical accounting judgments and key sources of estimation uncertainty

Critical accounting judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3, the Directors have made the following judgements that have a significant effect on the amounts recognised in the financial statements:

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Determination of functional currency

The determination of the functional currency of Group companies is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. The Directors have considered those factors therein and have determined the functional currency of the Company and the Mauritius subsidiaries to be Pounds Sterling and of the Indian Associates to be Indian Rupee.

Provision for fees payable to the Investment Adviser

In accordance with the accounting policy presented in note 3, the Directors have made their best estimate of the amount payable to the Investment Adviser at the balance sheet date. In order to determine the liability, the Directors have used a model to calculate the expected Internal Rate of Return ("IRR") of each project which forms the basis of the adviser fees payable. Inputs to the model are based on various assumptions including future sale proceeds, build costs, financing costs, and an appropriate discount rate.

Valuation of investment properties

The fair value of investment properties held by associates was determined by independent valuers. The financial markets have seen significant reduction in the volume of transactions due to current difficulties which have led to a degree of uncertainty in the property market as to the volatility of values in the near future. In these circumstances there is a greater degree of uncertainity than which exists in a more active and stronger market in forming an opinion of the realisation prices of investment properties.

The significant methods and assumptions used by the valuers in estimating fair value of investment properties is set out in note 11.

5. Net finance income

	Group 2009 £000's	**Company 2009 £000's**	Group 2008 £000's	Company 2008 £000's
Interest income on bank balances	**1,914**	**1,907**	4,286	4,191
Net finance income	**1,914**	**1,907**	4,286	4,191

6. Taxation

Isle of Man

With effect from 6 April 2006 the Corporate Income Tax rate for Isle of Man resident companies is zero per cent. As such, the Company's tax liability is zero. Additionally, the Isle of Man does not levy tax on capital gains.

Shareholders resident outside the Isle of Man will not suffer any income tax in the Isle of Man on any income distributions to them.

Other

The subsidiaries and associates of the Company are taxed in accordance with the applicable tax laws in the countries in which they were incorporated.

7. Segment reporting

The Directors consider the Group to be operating in one geographic segment and one business segment since all investments are in India and all the operations in India are concerned with property development. Consequently no segmental disclosures are presented.

8. Administrative expenses

	Group 2009 £000's	**Company 2009 £000's**	Group 2008 £000's	Company 2008 £000's
Directors' fees and expenses	**75**	**75**	80	80
Secretarial and administration	**133**	**108**	138	114
Audit fees	**65**	**44**	186	156
Investment Adviser fee (note 21)	**3,040**	**-**	2,407	-
Other professional fees	**325**	**322**	291	291
Other expenses	**174**	**171**	201	194
Share based payment charge	**51**	**51**	12	12
Grant of directors' annual share options	**160**	**160**	202	202
	4,023	**931**	3,517	1,049

The Company has no employees.

9. Directors' remuneration

Details of the Directors' remuneration are as follows:

	2009 Basic salary per annum £000's	**2009 No. of ordinary shares under option**	2008 Basic Salary per annum £000's	2008 No. of ordinary shares under option
R.P. Chitale	30	nil	30	nil
T.G. Walker	30	nil	30	nil
I.J. Henderson	nil	300,000	nil	300,000
V Radice	nil	90,000	nil	90,000
N.C. Raheja	nil	nil	nil	nil
S.J.R. Vernon	nil	nil	nil	nil

Total remuneration paid to the Directors for the year ended 31 March 2009 amounted to £60,000 *(2008: £60,000)*.

The Directors are each entitled to receive reimbursement of any expenses in relation to their appointment. Total expenses reimbursed to the Directors for the year ended 31 March 2009 amounted to £9,897 *(2008: £14,876)*.

In addition, the following Directors, on each anniversary date of their effective date of appointment, are entitled to share options over the number of ordinary shares calculated in accordance with the formula stated in their letters of appointment. The value of the share options granted is stated against their names below:-

	Value of options £	**Effective date of appointment**
Ian Henderson	100,000	7 November 2006
Vittorio Radice	30,000	7 November 2006
Stephen Vernon	30,000	1 August 2007

9. Directors' remuneration (continued)

Ian Henderson, Vittorio Radice and Stephen Vernon are entitled to the grant of share options for the financial year ended 31 March 2009. The value of the share options has been provided for in the financial statements. The grants of options due to the directors are as follows:

	31 March 2009		31 March 2008	
Name	**No. of ordinary shares**	**Average price per share (pence)**	**No. of ordinary shares**	**Average price per share (pence)**
Ian Henderson	111,160	89.96	101,265	98.75
Vittorio Radice	33,348	89.96	30,379	98.75
Stephen Vernon	30,364	98.80	-	-

The Board at its meeting held on 5 March 2008 approved the grant of an option for the 2008 share options and these were issued on 15 August 2008 to the directors. The share options due for the year ending 31 March 2009 are yet to be approved and granted by the Board.

Details of the terms attaching to the share options are set out in note 23.

10. Write-down of investments in associates

At 31 March 2009, the Group wrote-down its investments in associates, including the cost of performance fees payable, to its share of net assets in respect of those associates holding investment properties which were stated at valuation. The investment in one of the associates, which holds properties held for sale, has not been written down and is stated at cost plus share of profits/losses and cost of performance fees payable.

The reversal of investment adviser performance fee as referred to in Note 19 and the deferred tax liability related to the valuation gains arising on the investment properties held by the associates have been adjusted against the above write-down.

The charge of £1,993,000 for the year ended 31st March 2009 represents adjustment to the provision for performance fees payable to the investment adviser in accordance with the Group's accounting policy.

11. Investments in associates

	2009	2008
GROUP	**£000's**	£000's
Unquoted		
Balance brought forward from 1 April	**188,241**	85,047
Additions	**-**	83,087
Performance fees payable to the investment adviser (note 19)	**-**	20,628
Share of post-acquisition losses	**(1,438)**	(603)
Write-down of investments to share of net assets in associates*	**(81,673)**	-
Foreign currency translation	**1,914**	82
	107,044	188,241

* As detailed in note 10, at 31 March 2009, the Group wrote-down its investments in associates except for one associate which holds properties held for sale. Had the fair value gains on the properties in this associate been recorded in the books, the investment in associate would have been higher by GBP 19.767 million.

Properties held by the associates have been valued by Cushman & Wakefield (India) Pvt. Limited at 31 March 2009. All the properties were valued on the basis of market value. The valuations have been made in accordance with the appropriate sections of both the current Practice Statements and United Kingdom Practice Statements contained within the RICS Appraisal and Valuation Standards, 6th Edition (the "Red Book"). For development projects, the valuation assumes completion to a high standard and is based on gross development value less future expenditure to be incurred on costs of development.

11. Investments in associates (continued)

The valuers in their report have drawn attention to the reduction in the volume of transactions due to current difficulties in the financial markets which have led to degree of uncertainty in the property market as to the volatility of values in the near future. The valuers have made certain assumptions for the input variables to form an opinion of value. While they consider their assumptions as reasonable and appropriate the values reported are valid only within the context of the assumptions adopted by them.

Details of the investments in associates are as follows:

Investee company	Country of incorporation	Type of shares	Cost £	% Holding
Trion Properties Private Limited	India	Equity	21,179,491	40.00%
		Preference *1.)	2,777,645	100.00%
Serene Properties Private Limited	India	Equity	35,774,656	40.00%
		Preference *1.)	2,800,100	100.00%
Magna Warehousing and Distribution Private Limited	India	Equity	11,083,105	40.00%
		Preference *1.)	2,777,645	100.00%
Genext Hardware and Parks Private Limited	India	Equity	17,203,358	38.80%
		Preference *3.)	2,924,275	100.00%
Sundew Properties Private Limited	India	Equity	23,066,109	39.87%
		Preference *2.)	2,962,623	100.00%
Intime Properties Private Limited	India	Equity	7,733,528	39.89%
		Preference *2.)	2,962,623	100.00%
Newfound Properties and Leasing Private Limited	India	Equity	23,300,767	38.64%
		Preference *3.)	2,934,020	100.00%

*1.) The Preference Shares shall be redeemed at par at any time at the option of the Company, but in no event earlier than three years from the date of allotment or any such period as may be required by law and not later than seven years from the date of allotment or such other period as may be required by law. The Preference Shares shall, subject to availability of profits during any financial year, be entitled to nominal non cumulative dividend of INR1 per Preference Share per year. The preference shares shall not carry any voting rights, even if dividend on the Preference Shares has remained unpaid for any year or dividend has not been declared by the Company for any year.

*2.) The Preference Shares shall be compulsorily converted into Equity shares in one tranche at the expiry of a period of three years and ten calendar days from the date of the allotment. Out of the face value of INR100,000 of each of the preference share upon its conversion, INR10 shall be treated as the face value of each equity share and INR99,990 shall be treated as premium payable in respect of each such equity share. The Preference Shares shall, till the date of conversion and subject to availability of profits during any financial year, be entitled to nominal non cumulative dividend of INR1 per Preference Share per year. The preference shares shall not carry any voting rights, even if dividend on the Preference Shares has remained unpaid for any year or dividend has not been declared by the Company for any year.

*3.) The Preference Shares shall be compulsorily converted into Equity shares in one tranche at the expiry of a period of three years and ten calendar days from the date of the allotment. Out of the face value of INR1,000,000 of each of the preference share upon its conversion, INR10 shall be treated as the face value of each equity share and INR999,990 shall be treated as premium payable in respect of each such equity share. The Preference Shares shall, till the date of conversion and subject to availability of profits during any financial year, be entitled to nominal non cumulative dividend of INR1 per Preference Share per year. The preference shares shall not carry any voting rights, even if dividend on the Preference Shares has remained unpaid for any year or dividend has not been declared by the Company for any year.

11. Investments in associates (continued)

The principal activity of all associates is to do business in real estate.

All associates draw up their accounts to 31 March.

Summarised financial information extracted from the 31 March 2009 financial statements of the associates are given below:-

	Genext	**Trion**	**Serene**	**Magna**	**Sundew**	**Intime**	**Newfound**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Share of the associates balance sheet:							
Total assets	16,663	31,024	50,880	10,237	33,562	29,325	15,485
Total liabilities	11,853	19,538	29,070	5,972	15,543	19,684	4,472
Share of the associates results:							
Total revenue	-	190	313	66	102	591	124
Profit/(loss) for the year (excluding movements in valuation of properties)	243	58	(397)	47	(1,043)	(114)	(232)

Summarised financial information extracted from the 31 March 2008 financial statements of the associates are given below:-

	Genext	**Trion**	**Serene**	**Magna**	**Sundew**	**Intime**	**Newfound**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Share of the associates balance sheet:							
Total assets	8,571	10,175	14,706	5,182	7,144	6,298	3,098
Total liabilities	4,538	7,789	10,353	2,340	3,917	3,200	714
Share of the associates results:							
Total revenue	-	-	-	-	-	-	-
(Loss)/profit for the year	(98)	(129)	(273)	(83)	3	-	(23)

As a result of early adoption of the Amendment to IAS 40 Investment Property, except for one associate which holds properties held for sale, share in the assets and liabilities in associates as at 31 March 2009 includes valuation gain on investment properties and the related deferred tax liability. In accordance with the requirements of the amendment, prior year share in the assets and liabilities in associates has not been restated.

12. Investments in subsidiaries

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Balance brought forward	**-**	**159,480**	-	76,393
Additions during the year	**-**	**-**	-	83,087
Write-down*	**-**	**(63,120)**		
At 31 March	**-**	**96,360**	-	159,480

* At 31 March 2009, the Company wrote-down its investments in subsidiaries to reflect the subsidiaries share in the net assets of their associates.

Details of investments in subsidiaries are given below:

Name of subsidiaries	**Country of incorporation**	**% Holding**	**Principal activity**	
Held by the Company				
I Holding Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
Held by I Holding Company (Mauritius) Ltd				
I-1 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-2 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-3 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-4 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-5 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-6 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-7 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares
I-8 Company (Mauritius) Ltd	Mauritius	100%	Investment holding	Ord Shares

The registered office of each of the above subsidiary undertakings is 6th Floor, MaxCity Building, 21 Remy Ollier Street, Port Louis, Mauritius.

13. Amounts due from subsidiaries

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Loan due from I-Holding Company (Mauritius) Ltd	**-**	**5,797**	-	3,516
	-	**5,797**	-	3,516

The above loan is unsecured, interest free and has no fixed repayment terms.

14. Trade and other receivables

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Debtors and prepayments	**204**	**193**	234	228

15. Cash and short term deposits

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Cash at bank and in hand	**500**	**491**	140	118
Short term deposits	**39,090**	**38,978**	40,559	40,420
	39,590	**39,469**	40,699	40,538

The short term deposits are made for varying periods between one month and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The interest rate earned on short term deposits fluctuated between 1.0% and 5.9% during the year (2008: 4.9% and 6.9%).

16. Share capital and share premium

	31 March 2009	31 March 2008
Authorised:		
Number of ordinary shares of £0.01 each	400,000,000	400,000,000
Share Capital (£ 000's)	4,000	4,000
Allotted, called up and fully paid:		
Number of ordinary shares of £0.01 each	206,897,644	207,000,000
Share Capital (£ 000's)	2,069	2,070

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's assets.

Details of shares since incorporation are as follows:

	Number of shares	Nominal value £	Share premium £	Share capital redemption reserve £
As at 31 March 2008	207,000,000	2,070,000	195,480,711	-
Shares issued under options to directors	131,644	1,316	-	-
Own shares acquired	(234,000)	(2,340)	-	2,340
Court approved capital reduction	-	-	(19,548,071)	-
As at 31 March 2009	206,897,644	2,068,976	175,932,640	2,340

16. Share capital and share premium (continued)

Purchase of own shares

During the year the Company bought back 234,000 (2008: Nil) ordinary shares with a total nominal value of £2,340, at a weighted average price of £0.33 per share. The shares were then cancelled and the nominal value transferred to the share capital redemption reserve.

Court approved capital reduction

10% of the share premium account, by virtue of a special resolution and with the confirmation of an Order of the High Court of Justice of the Isle of Man granted on 16 January 2009, was reduced by £19,548,071 and transferred to retained earnings account.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board manages the Group's affairs to achieve shareholder returns through capital growth rather than income, and monitors the achievement of this through growth in net asset value per share.

Gearing may be employed by the Group with the aim of enhancing shareholder returns. This is in the form of bank borrowings, secured on specific investment properties, taken on by the Company's associates.

Group capital comprises share capital, share premium and reserves.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

17. Loss per share

Basic and diluted loss per share

Basic loss per share is calculated by dividing the net loss attributable to the equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is the same as basic loss per share.

GROUP

	2009	2008
	£'000	£'000
Loss attributable to equity holders of the company (£'000)	**(59,460)**	(1,827)
Weighted average of number of ordinary shares in issue (thousands)	**207,035**	207,000
Weighted average number of ordinary shares in issue (diluted) (thousands)	**207,035**	207,000
Basic loss per share (pence)	**(28.72)**	(0.88)
Diluted loss per share (pence)	**(28.72)**	(0.88)

18. Trade and other payables

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Amounts due to other creditors	**14**	**14**	40	25
Accruals	**933**	**149**	72	72
	947	**163**	112	97

19. Financial liabilities

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Investment Adviser performance fees	**5,543**	**-**	31,303	-
As at 31 March	**5,543**	**-**	31,303	-

The provision for performance fees payable to the Investment Adviser represents the Directors estimate of the present value of the future cash flows payable, discounted using the Directors' estimate of the risk adjusted value of money. These fees are considered to be directly attributable to the acquisition by the Group of its investment in its associates and the amount provided on initial recognition has been included in the cost of the Group's investment in associates (see note 11).

Subsequent to initial recognition, any adjustment is recognised in the income statement. The amount of such adjustment for the year ended 31 March 2009 was a reversal of £25,760,000 *(2008: charge of £1,993,000).* Details of the agreement are disclosed in note 21.

20. Financial instruments

The Group's activities expose it to a variety of financial risks: market price risk, foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk.

Market price risk
The Company's strategy on the management of market price risk is driven by the Company's investment objective. The Company has been established to invest in the real estate development in India. The main objective of the Company is to provide Shareholders with capital growth.

The Group is exposed to property price and property rental risk. The Group is not exposed to the market price risk with respect to financial instruments as it does not hold any equity securities.

Foreign exchange risk
The Group's operations are conducted in India, via its associates, which generate revenue, expenses, assets and liabilities in Indian Rupees, not the Company's functional currency (GBP). As a result, the Group is subject to the effects of exchange rate fluctuations with respect to the Indian Rupee.

The Group's policy is not to enter into any currency hedging transactions.

At the reporting date the Group had the following exposure in terms of net assets:

Currency	**31 March 2009 % of Net Assets**	31 March 2008 % of Net Assets
UK Sterling	**31**	20
Indian Rupees	**69**	80

20. Financial instruments (continued)

Foreign exchange risk (continued)
If the Indian Rupee appreciated/depreciated by 5% against Sterling the effect on net assets would be to increase/decrease net assets by £4,844,000 (2008: £7,944,000).

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	31 March 2009 £'000	31 March 2008 £'000
Trade and other receivables	**204**	234
Cash at bank and short term deposits	**39,590**	40,699
	39,794	40,933

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

The Group manages its liquidity risk by maintaining sufficient cash balances.

The Group's liquidity position is monitored by the Investment Manager and the Board of Directors.

Residual undiscounted contractual maturities of financial liabilities:

Year ended 31 March 2009

	Less than 1 Month £'000	1-3 months £'000	3 months to 1 year £'000	1 – 5 years £'000	Over five years £'000
Financial liabilities					
Trade and other payables	874	73	-	-	-
Investment Adviser performance fees	-	-	-	9,683	-
	874	73	-	9,683	-

Year ended 31 March 2008

	Less than 1 Month £'000	1-3 months £'000	3 months to 1 year £'000	1 – 5 years £'000	Over five years £'000
Financial liabilities					
Trade and other payables	83	14	15	-	-
Investment Adviser performance fees	-	-	-	57,130	-
	83	14	15	57,130	-

20. Financial instruments (continued)

Interest rate risk

The Group is exposed to interest rate risk via cash balances, which are invested at short-term market interest rates.

The weighted average interest rate on cash balances as at 31 March 2009 was 1.54% *(31 March 2008: 5.70%)*. Cash balances comprise short term deposits which mature as follows:

	31 March 2009 Cash balances £'000	31 March 2008 Cash balances £'000
Less than 1 month	33,574	1,379
1-3 months	6,016	39,320
3 months to 1 year	-	-
	39,590	40,699

In addition, the financial liability regarding Investment Adviser fees is measured initially at fair value and then at amortised cost using the effective interest rate method.

The effective interest rate on the financial liability is the discount rate used in the calculation of the net present value of the future liabilities, which is 25%.

21. Related party transactions

Terms and Conditions of Transactions with Subisidiaries

At the balance sheet date there was a £5.797 million *(2008: £3.516 million)* amount due from the Company's subsidiary, I Holding Company (Mauritius) Limited ("I Holdings"). This loan is unsecured, interest free and has no fixed repayment terms. There are other intercompany loans between I Holdings and the Mauritian sub-subsidiary holding companies ("Mauritian SPVs") outstanding at 31 March 2009 which are eliminated on consolidation and are not disclosed in these accounts.

Investment Adviser Fees

The Investment Adviser is entitled to a performance fee in respect of each Mauritian SPV which is designed to encourage the Investment Adviser to seek the highest returns on the underlying projects. Pursuant to the performance fee arrangements, if the Mauritian SPVs achieve an SPV level IRR in respect of the partial or total realisation of an investment in excess of 10 per cent, then the Investment Adviser will be entitled to a performance fee of 20 per cent of the realised proceeds which exceeds the proceeds required to achieve a 10 per cent SPV level IRR (with such participation increasing to 30 per cent for that portion of the realised proceeds from an investment which exceeds the proceeds required to achieve a 20 per cent SPV level IRR). The fair value of the total performance fee payable to the Investment Adviser at 31 March 2009 is £5.543 million *(2008: £31.303 million)*.

In addition, the annual base fee paid to the Investment Adviser for the year in accordance with the terms of the agreement is £3,039,600 (2008:£2,402,304). The annual base fee is calculated on a quarterly basis based on the agreed formula of 2% on committed capital less an allowance of £150,000 pro-rated per quarter less a further deduction of £500,000 pro-rated per quarter up to 31 December 2007.

21. Related party transactions (continued)

Directors' Interests

Neel Raheja is a shareholder and director of various K Raheja Corp entities. These entities include the Indian Investment Vehicles, which are 40% owned by the Company, the K Raheja entities which have sold shares in the Indian Investment Vehicles to the Company and K Raheja Services Private Limited which is contracted to provide services to the Indian Investment Vehicles.

The amount paid by the Indian Investment Vehicles to K Raheja Services Private Limited during the year was £6.595 million *(2008: £4.034 million)* and other amounts paid to other K Raheja Corp entities were £0.208 million (2008: £0.195 million). In addition, amounts of loan taken during the year from K Raheja Corp entities was £7.597 million (2008: £5.078 million) and loan amounts repaid during the year was £9.777 million (2008: £4.626 million).

Neel Raheja indirectly co-owns the Investment Adviser - Neerav Investment Advisory Services (Dubai) Limited. As at 31 March 2009, Neerav Investment Advisory Services (Cyprus) Private Limited, the parent company of the investment adviser, held 6,143,811 shares of the Company (2008: Nil shares).

Information on Directors' emoluments and share options is given in note 9. The Company and Group have no employees, so there is no disclosure of key management compensation.

22. Holding and ultimate holding company

Ishaan Real Estate Plc, is the holding and ultimate parent company of the Group.

23. Share based payments

In November 2006, 390,000 share options were granted to Directors under the "IPO option plan" and remain outstanding at the year end. The exercise price of the options is equal to the market price of the shares on the date of grant. The options vest within three years from date of grant. The fair value of the options granted is estimated at the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. The weighted average contractual life of each option granted is ten years. There are no cash settlement options. The IPO options will generally become exercisable at the third anniversary of their date of grant ("exercise date"), and are not subject to the satisfaction of performance targets. The IPO options may not be exercised under any circumstances following the tenth anniversary of grant.

The expected volatility assumption reflects the assumption that the historical volatility is indicative of future trends which may not necessarily be the actual outcome.

The charge recognised in the share based equity reserve is £ 50,721 *(2008: £11,778)*.

Three of the Directors, Ian Henderson, Vittorio Radice and Stephen Vernon are entitled to receive a grant of annual share options. The options are exercisable immediately and have an exercise price of GBP0.01. Each is entitled to receive an agreed value of shares per annum following the first anniversary of their effective dates as follows:

	Value of options	Effective date
	£	
Ian Henderson	100,000	7 November 2006
Vittorio Radice	30,000	7 November 2006
Stephen Vernon	30,000	1 August 2007

23. Share based payments (continued)

The charge recognised during the year ended 31 March 2009 was as follows:

	2009	2008
	£'000	£'000
Ian Henderson	**100,000**	139,726
Vittorio Radice	**30,000**	41,918
Stephen Vernon	**30,000**	20,000
Balance carried forwards	**160,000**	201,644

This charge has been recognised in the share based equity reserve.

24. Post balance sheet events

On 25 March 2009 the Board announced a share repurchase process by way of tender offer. The Company successfully completed the tender offer by repurchase of approximately 62 million Ordinary shares (constituting approximately 30% of the Company's issued share capital) at a price of 30 pence per Ordinary share at a total cost of £18.6 million. The repurchased Ordinary shares have been cancelled and the share capital and total voting rights in the Company are now 144,897,659 ordinary shares.

There have been no other material post-balance sheet events which would require disclosure or adjustment to the 31 March 2009 financial statements.

25. Comparatives

Certain comparative figures have been reclassified to conform to the presentation adopted in these consolidated financial statements.
