

# Akruti Nirman Limited

Annual Report 2006-07

ENRICHING LIVES.  
BUILDING VALUES.





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## BOARD OF DIRECTORS

HEMANT M. SHAH, Executive Chairman  
D. R. KAARTHIKEYAN  
P. H. RAVIKUMAR  
SHAILESH V. HARIBHAKTI  
SHAILESH H. BATHIYA  
VYOMESH M. SHAH, (Vimal M. Shah) Managing Director  
MADHUKAR B. CHOBE, Wholetime Director

## MANAGEMENT EXECUTIVES

A. RAMKRISHNAN	Chief Executive Officer
E. C. PAULOSE	Chief Civil Engineer
COL. R. S. MALIK	Chief Operating Officer
RAJENDRA K. SHAH	Chief Finance Officer
USHA C. MORAES	Chief Investment Officer
MAYUR D. SHAH	Chief Marketing Officer
KAMAL B. MATAIA	Chief Audit Officer
CHARUTA M. MALSHE	Chief Administrative Officer
NANCY S. PEREIRA	Chief Accounts Officer

## COMPANY SECRETARY

CHETAN S. MODY

## BANKERS

CANARA BANK  
BANK OF INDIA  
BANK OF BARODA  
CORPORATION BANK  
HDFC BANK LIMITED  
ICICI BANK LIMITED  
PUNJAB NATIONAL BANK  
STATE BANK OF INDIA  
UNION BANK OF INDIA

## AUDITORS

DALAL & SHAH, CHARTERED ACCOUNTANTS  
VIRAL D. DOSHI & CO., CHARTERED ACCOUNTANTS

## INTERNAL AUDITORS

ANEJA ASSOCIATES, CHARTERED ACCOUNTANTS

## REGISTERED OFFICE

AKRUTI TRADE CENTRE  
ROAD NO.7, MAROL MIDC  
ANDHERI (EAST), MUMBAI 400 093

## REGISTRAR & TRANSFER AGENTS

INTIME SPECTRUM SHARE REGISTRY LIMITED  
C-13, PANNALAL SILK MILLS COMPOUND  
LAL BAHADUR SHASTRI MARG  
BHANDUP (WEST), MUMBAI 400 078

## COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

Shailesh V. Haribhakti, Chairman  
Shailesh H. Bathiya  
Vyomesh M. Shah

### REMUNERATION COMMITTEE

Shailesh V. Haribhakti, Chairman  
D. R. Kaarthikeyan  
P. H. Ravikumar

### SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Shailesh H. Bathiya, Chairman  
Hemant M. Shah  
Vyomesh M. Shah

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# ENRICHING LIVES.

THAT WE BUILD REAL ESTATE IS KNOWN.

WHAT IS KNOWN MORE IS THAT WE BUILD IT  
WITH A CAUSE AND WITH A HEART. THIS IS WHAT  
MAKES AKRUTI DIFFERENT FROM ALL THE  
REST. YOU KNOW THE BODY OF AKRUTI.

ALLOW US TO PRESENT THE SOUL.

# BUILDING VALUES.

Akruti is in the business of enriching lives.

The world has accepted the power of India and the Indian people. A force of 1.1 billion people, of which around 60% are below 30 years of age. What a force. What an opportunity.

But spare a thought. Over 25% of Indians live in sub-optimal conditions. It's not just the living that gets impacted. It's much deeper. The thinking. The approach. The ambition. The aspiration. They are all prisoners to the surroundings.

Change the surroundings and you change the 'circle of influence'. One of the many things that we pride in, is the slum rehab and lifestyle rejuvenation work that we have been committed to. Because in its true sense, we are not just changing where people live, we are changing their thinking, their aspirations and their ambitions. Enriching lives.

We follow the same motto when we design work spaces. Our commercial office complexes and malls are equipped with multiple high speed elevators and complemented by large functional lobbies and inspiring glass façades. We create modern work areas that promote a positive,

energetic and effective work environment and inspire a new generation of Indian work ethic.

Similarly, our commitment to reducing vehicular congestion through innovative and efficient highrise parking facilities helps us enrich lives by reducing traffic congestion, noise pollution and providing a daily convenience to people. This is a first of its kind innovation for old, established Indian metropolitan areas.

The work that we do to fuel India's macro-economic growth is in the same vein. Well laid out multi-acre IT and Biotech Parks as well as SEZs, that we build to attract and retain talent, are so necessary for India to dominate the services space globally.

The catalyst to enhancing lives and lifestyles is the real estate that we build. And in the process the value that we create. Building value, not just for our shareholders through higher ROI, but also for our customers, employees, vendors, and above all for every citizen whose life we touch directly or indirectly. We build value for India.

Enriching lives. Building Values.

Welcome to Akruti Nirman, a company with a responsible soul.





## CHAIRMAN'S MESSAGE

**"Expect strong growth and strong contribution to society from Akruti in the coming years."**

Dear Shareholders,

Welcome to the family.

I am very delighted and happy to extend a warm welcome to our shareholders who entrusted so much faith in Akruti and its vision. Thanks to your response, we got one of the best responses with 81 times oversubscription to our IPO. Thank you once again. With all humility, I assure you, that we at Akruti welcome this responsibility and will not let you down.

We are not just a generic real estate company. We are a keen forward looking company, with a heart. We are aware of the needs not just of today but also of tomorrow. And we have built an institution that has a strong social linkage.

The work that we have done in the area of slum rehabilitation is nothing short of remarkable. Quite simply, it's not just about the real estate that we are building, but also about the many lives we have enhanced in the process. We have changed the thinking, aspirations and ambitions. We are rejuvenating lifestyles of the masses. This sea change will have a profound impact on

India in the years to come. We are, and will continue to be the thought leaders in this space.

There are several dimensions to the phenomenal growth that India is experiencing. India is emerging as the service capital of the world. Metaphorically, the world is getting flat. The confidence of the world in India's capabilities in knowledge industries is a direct function of the infrastructure that India is building as it seeks dominance in the ITES and the Biotech space. And we are making that happen. Powering India's service dominance. We are participating in building an intelligent India through world-class facilities.

I strongly believe that the real estate industry is in a strong cycle. After many decades we are seeing such momentum. And it's all flowing from the country's overall economic growth and rise in disposable incomes. The boom has been unprecedented because India had a huge backlog to build out to begin with, which was further fortified by new waves of demand.

The real estate industry, in general, is on a systematic uptrend and further

fuelling India's growth story. With over a billion people to be housed in the long term, and a burgeoning middle-class population of 350 million that are doing increasingly well financially, we do not have an issue of demand. Its supply where there is a shortfall, and hence, opportunity.

We are participating across the board and leading certain key segments of this buildout. We believe we will deliver long-term, sustainable and consistent growth in the coming years.

Our aim is to be one of the leading real estate companies in India in the areas we operate in and emerge more dominant in the category in the coming years. In our efforts to achieve this objective, we will create long-term, sustainable shareholder value. I want to share with you that every member of my team has been deeply motivated by the response as well as the commensurate responsibility of the IPO and we as a team assure you of the best always.

Sincerely,

Hemant M. Shah  
Executive Chairman





*Few moments with Mr.Vyomesh M.Shah, Managing Director*

***"We are now ready to deliver growth, not just in Mumbai, our base but in other geographies as well."***

**Q:** Are you satisfied with the year that went by?

**A:** 2006-07 was a very satisfying year for us. The niche that we have created for the company by focusing on socially responsible projects like slum rehabilitation, innovation in parking and world

class infrastructure for ITES and Biotech has got a major fillip. We are leaders by far in this space. And 2006-07 demonstrated that. The year also ended with a lot of optimism for growth. We

are in for unprecedented years of high growth, sustainable and consistent. There are challenges, but we are very confident.

**Q:** How are you mitigating challenges with reference to systems and bandwidth?

**A:** We think ahead. We could, fortunately, anticipate some of this growth. And prepared for it. We have invested in people ahead of the growth. We built a strong team both on project execution and management side as well as the sourcing side. We invested in training. ACRES (Akruti Centre of Real Estate Studies), was formed to impart quality education in the field of real estate. This institute

focuses on training our employees and outsiders on topics related to the sector. As a company we have always emphasised on planning, budgeting, corporate governance, MIS and risk management policies. And we have trained our people extensively in these areas. Today, we are amongst the most professionally managed companies in the industry, with an immensely talented and experienced

workforce. To strengthen our systems further, we appointed Ernst & Young to strategize and restructure our IT and related processes and are implementing ERP solutions to manage this scale of growth. The preparedness is there. We are now ready to deliver growth, not just in Mumbai, our base, but in other geographies as well.

**Q:** Which geographies are you planning to enter? And why?

**A:** We were hitherto a Mumbai centric company, delivering responsible real estate. With India growing we have decided to enter newer, but similar geographies like Pune in Maharashtra, Ahmedabad

and Vadodara in Gujarat and Bangalore in Karnataka. In a fragmented industry like real estate in India, consolidation is imminent. Opportunities are growing in these cities. Besides,

these states have similar demand patterns and regulations. And we are growing in these markets at our pace, which is both robust and lasting.

**Q:** What should shareholders expect in the coming year?

**A:** We are in the right place at the right time with the right business model. Differentiated and

profitable. Without much crowd. This should be quite buoyant. We are here to make the most of the

opportunity and will deliver consistent growth in the years to come.





# The Akruti Blueprint

*Life Time Value*

## Company Snapshot

### The Group/Company:

Akruti Nirman Limited is one of India's leading construction and real estate development companies. It specializes in the construction, sale and lease of commercial, residential, retail and industrial property.

### Our Work:

We are currently developing residential complexes, commercial properties, shopping malls, Information Technology (IT) Parks and Biotech Parks across the country. We intend to diversify our product portfolio by getting into the domains of hotels, service apartments and integrated township development.

### Our Reach:

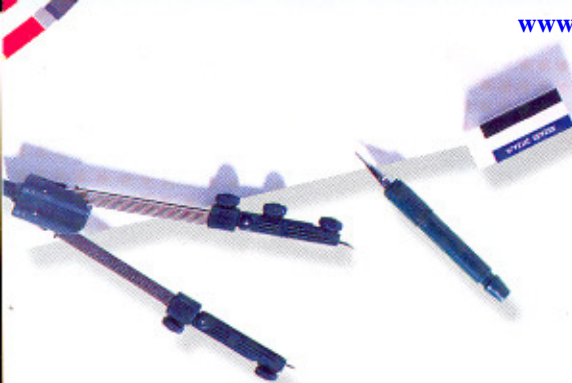
Having successfully established ourselves in Mumbai, we are now expanding our footprint to new geographies such as Pune, Bangalore, Ahmedabad and Vadodara.

### Our Mission:

"To be amongst the top five real estate companies in India by 2010, by enhancing the lives of people through our projects and by consistently delivering superior and enduring value to our customers and to society at large."

### Our Values:

- Honesty and Integrity
- Creating Long Term Value for our Customers
- Innovation, Commitment and Quality
- Social Responsibility and Upliftment
- Excellence and Best Practices in all Spheres of Work



## Company Snapshot

### Our Quality Focus:

We were awarded ISO 9001 : 2000 certification in recognition of our management standards and systems and the real estate developer's rating of DA2 by CRISIL (Credit Rating Information Service of India) in recognition of our ability to specify and build to agreed quality levels and transfer clear titles within stipulated time schedules.

ISO 9001 is an international standard for quality management systems and certifies that consistent business processes are being applied.

CRISIL's DA2 rating reflects professional management, strong project management capabilities, well defined workflow processes, excellent track record of completing projects on schedule and a strong financial profile.

### Akruti Advantage:

Our differential advantage vis-a-vis our peers:

- we pride ourselves in having complete transparency in all our operations.
- we ensure that all our customers get total value for money.
- we assure peace of mind and scheduled completion of projects to our clients.
- we strive for excellence in design and construction.
- we provide dependable after sales service.
- we offer our customers the satisfaction of working with a socially responsible organisation.

### The Management:

The Company is promoted by Mr. Hemant M. Shah, Executive Chairman, a Civil Engineer having over 25 years of experience in executing various large projects involving real estate development and Mr. Vyomesh M. Shah (Vimal Shah), Managing Director, Chartered Accountant having over 20 years of experience in the field of construction, finance and property development. They exemplify the Company's relentless pursuit of excellence and dedication to creating immense value for all its stakeholders. They are ably supported by a team of highly qualified and dedicated professionals focused on delivering commitments.

### Corporate Achievements:

- execution of public-private development project on tenanted municipal land in Mumbai;
- development of private sector IT Park in Hinjewadi, Pune;
- obtained prestigious ISO 9001:2000 certification in design, construction and maintenance;
- obtained DA2 rating from CRISIL;
- awarded development of Biotech Park Project at Savli, Vadodara, Gujarat; and
- construction of multi-storey car parking structure with multiple elevators in Mumbai.

### Performance:

During 2006-07 Akruti recorded sales of Rs.187.88 crore. The Company's EBITDA stood at Rs.111.05 crore as against Rs. 76.90 crore in 2005-06, an increase of 44.41%. The Profit After Tax (PAT) increased from Rs. 63.10 crore in 2005-06 to Rs. 75.48 crore in 2006-07, an increase of 19.62%. The Company's shares are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The closing share price on BSE as on 30th March, 2007 was Rs. 405.85 and the market capitalization as on that date was Rs 270.07 crore.



# THE EDUCATION INITIATIVE



**Prof. K. N. Vaid**  
Director General  
Akruti Citygold  
Institute

At Akruti Nirman Limited, we believe that the business has a major role to play in human resource development and creation of human capital for knowledge economy. Our education initiative is rather unique as it develops students to manage Real Estate and Infrastructure Projects.

Akruti has established an Educational Foundation as an Autonomous, Non-profit making Foundation and Public Charitable Trust that is incorporated as a Society under Societies Registration Act, 1860 and a Trust under the Bombay Public Trust Act, 1950. The Foundation has been mandated to establish a network of institutions to provide cross-discipline, flexible and seamless education and research based learning. These institutions will be tied together into a University. The University will establish faculties for Business and Management, Science & Technology, Infrastructure and Engineering, Health & Life Sciences, Energy and Environment, Food and Agriculture, Arts, Liberal Sciences and Media.

A reputed educationist and institution builder, ably supported by distinguished faculty and researchers, leads the Foundation. The first four institutions are at various stages of operation. Akruti Centre of Real Estate Studies (ACRES) and Akruti Citygold Institute of Infrastructure Management are in operation. The International Institute of Environment and Energy will commence work shortly and the Construction Technology and Vocational Training Institute is at planning stage.





## DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting their Nineteenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2007.

### FINANCIAL RESULTS :

The salient features of the Company's financial results for the year under review are as follows :

(Rs. in crore)

	Year ended March 31, 2007	Year ended March 31, 2006
Net Sales / Income from Operations	177.89	171.29
Share of profit from Joint Ventures and Partnership Firms (net) and Other income	9.99	30.21
Total Income	187.88	201.50
Operating Profit (before interest, depreciation and tax)	111.05	76.90
Interest	19.98	6.01
Profit before depreciation and tax	91.07	70.89
Depreciation and amortisation	6.14	4.78
Profit before tax	84.93	66.11
Provision for income tax, fringe benefit tax, deferred tax liability and prior period adjustments	9.06	3.90
Profit after tax	75.87	62.21
Profit brought forward	46.78	4.79
Profit available for appropriation	122.65	67.00

### PERFORMANCE REVIEW :

During the year under review, income from operations increased by 3.85 % to Rs. 177.89 crores from Rs. 171.29 crores in the previous year. The Company achieved operating profit (PBIDT) of Rs.111.05 crores. After providing for interest of Rs.19.98 crores, depreciation of Rs.6.14 crores and taxation including prior period adjustments of Rs.9.06 crores, the net profit stood at Rs. 75.87 crores which is higher by 21.9% as against Rs. 62.21 crores in the previous year.

### APPROPRIATIONS :

An amount of Rs. 3.80 crores (Rs. 6.75 crores) is credited to General Reserves and Rs.100 crores credited to Debenture Redemption Reserve. Out of the amount available for appropriation, your Directors recommend a dividend of 15 % (15 %) on the increased capital base of 6,67,00,000 equity shares amounting to Rs. 10.05 crores (Rs.7.20 crores). The dividend tax on the proposed dividend will be Rs. 1.70 crores (Rs.1.01 crores).