

AKRUTI NIRMAN LIMITED

16th Annual Report
2004-2005

General Information

Executive Directors

Mr. Hemant Shah
Chairman

Mr. Vyomesh Shah
Managing Director

Non-Executive Director

Mr. Madhukar Chobe

Management Team

Mr. E.C. Paulose	(Chief Civil Eng.)	Mr. Kamal Matalia	(Chief Audit Off.)
Mr. S.B. Narsapur	(Chief Land Rec.)	Ms. Charuta Malshe	(Chief Adm. Off.)
Mr. Rajendra Shah	(Chief Finance Off.)	Ms. Nancy Pereira	(Chief Acct. Off.)
Mr. Mayur Shah	(Chief Marketing Off.)	Ms. Maya Vaidya	(Addl. Chief Arch.)
		Mr. P.R.S. Ramani	(Addl. Chief Services)

Subsidiary Companies

Adhivitiya Properties Pvt. Ltd.	Brainpoint Infotech Pvt. Ltd.
Agreem Properties Pvt. Ltd.	E-Commerce Solutions (India) Pvt. Ltd.
Arnav Properties Pvt. Ltd.	Gallant Infotech Pvt. Ltd.
Akulpita Construction Pvt. Ltd.	Sheshan Housing & Area Development Engineers Pvt. Ltd.
Akkadian Infotech & Communication Pvt. Ltd.	T.D.R. Properties Pvt. Ltd.
Bisha Repairs & Reconstruction Pvt. Ltd.	Vishal Tekniks (Civil) Pvt. Ltd.
	Vishal Nirman (India) Pvt. Ltd.

Auditors

M/S. Viral D. Doshi & Company
Chartered Accountant

ISO Certifying Body

American Quality Assessors (AQA)

Registered Office

Akruti Trade Centre, Road No.7,
Marol MIDC, Andheri (E) Mumbai - 400093.

Tel.: 5677 2301 (10 Lines) **Fax:** 2821 8230

E-mail: cgms@vsnl.com **Website:** www.akrutiestate.com

Chairman's Letter



Dear Shareholders

We started construction business 25 years ago. It's a good landmark to look back and assess ones achievements. A rock steady and continuously improving business path, including journey through that less travelled road has brought us to the present point.

Akruti over the last twenty five years has steadily and solidly consolidated its position in the industry and is a name to reckon the city of Mumbai. Now the emphasis is on growth acceleration.

This position is the transition point from where takes off our next twenty five years plans. We look forward to the future full of hope and ambitions.

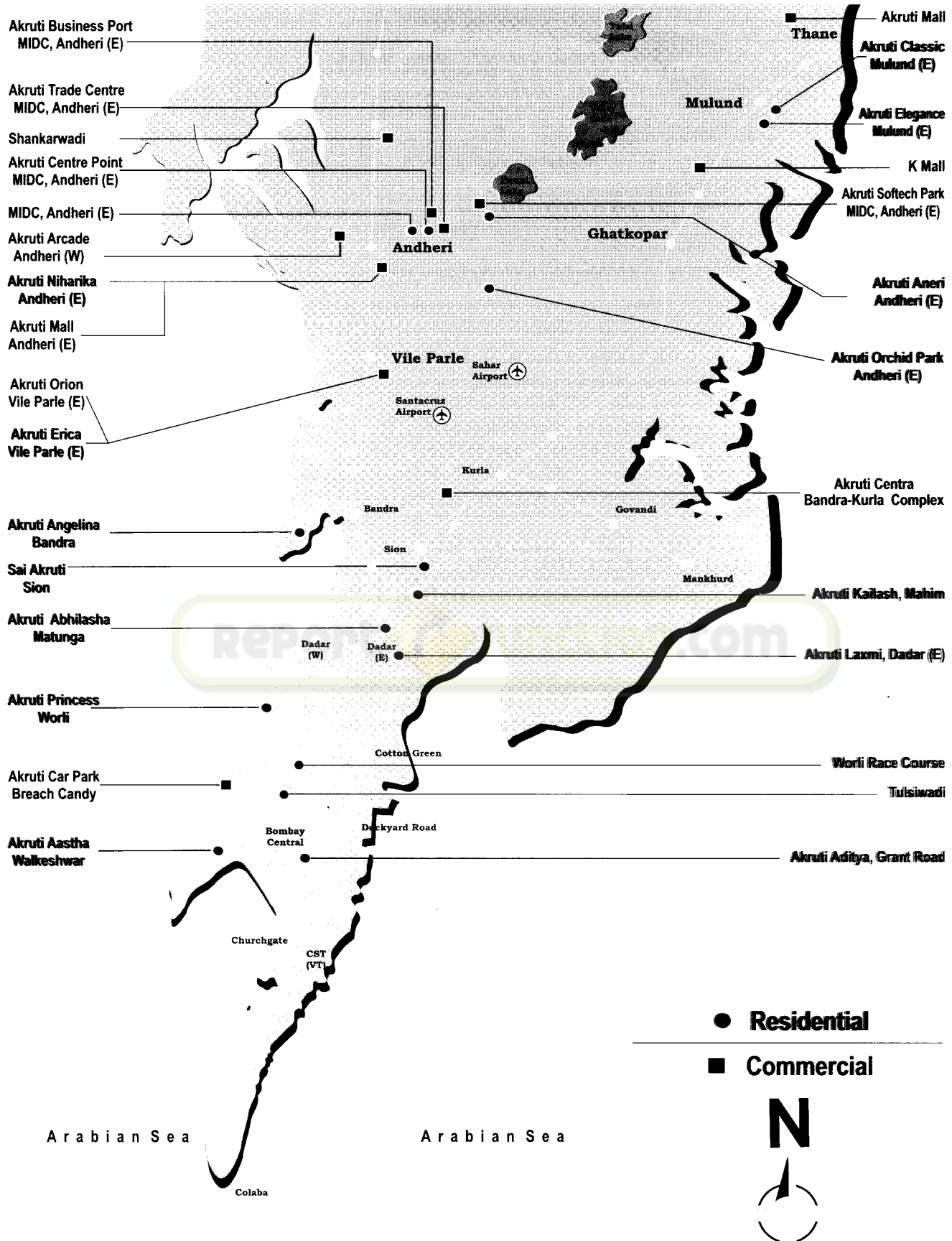
India has acquired immense importance in the juggernaught of globalization. With the aggressive domestic investment climate, the options of Foreign Direct Investment (FDI) in the construction industry, the release of the huge and prime mill lands for the purpose of private real estate development, the industry is set to compete the soaring bullish graph of the country's stock exchanges.

Beginning this year, your company has already started spreading its wings & has acquired new projects of high values, in and around Mumbai as well as Pune. The company has also started getting into partnerships with prestigious groups, acquiring the required overall resources, and have taken all steps to enhance efficiencies, with usage of high tech tools to reach the targets set by us. Akruti, a leading developer in slum redevelopment, is gradually transforming to take up the leading position in all real estate developments.

Akruti is moving ahead with the help & dedication of its beloved M.D. Mr. Vyomesh Shah's futuristic & sharp vision. He is ably supported by most trusted and competent team of Akrutians. We are sure your Company is poised to scale new high's where excellence shall stand tall with the pride of satisfaction.

Humand Shah

Akruti Nirman across the city



Directors Report

Your Directors have pleasure in presenting their SIXTEENTH ANNUAL REPORT together with the Audited Accounts for the year ended March 31, 2005.

FINANCIAL HIGHLIGHTS

	2004-2005 (Rupees)	2003-2004 (Rupees)
Profit before Depreciation & Tax	22,00,36,711	12,52,79,348
Less: Depreciation	7,03,52,166	2,87,44,322
Profit before Tax	14,96,84,545	9,65,35,026
Less: Provision for Tax	1,18,00,000	68,00,000
Profit after Tax	13,78,84,545	8,97,35,026
Add : Capital Revaluation Reserve written back	25,70,338	Nil
Less : Tax provision of earlier year written back	(10,17,893)	(1,08,74,353)
Balance brought forward from previous year	34,65,91,698	30,02,93,525
Surplus available for appropriation	48,60,28,688	37,91,54,198
Appropriation :		
General Reserve	1,40,00,000	1,00,00,000
Proposed Dividend	4,00,00,000	2,00,00,000
Tax on Dividend	52,27,500	25,62,500
Balance carried to Balance sheet	42,68,01,188	34,65,91,698

4

Your Company has recorded a stellar performance for the year under review. Income, Profit before tax and Profit after tax, have all registered substantial increases. The various measures initiated by the Company in the recent past have translated into superior performance of the Company during the year under review. Better positioning and right product mix has helped the Company to increase its profit. Timely delivery and superior quality construction has also helped the Company in realizing better sales value for its residential and commercial projects. The majority of projects of the Company were progressing satisfactorily.

PROPOSED DIVIDEND

The Directors are pleased to recommend a dividend of Rs.20/- per share. The dividend, together with the tax on distributed profit, will absorb a sum of Rs. Four Crores (previous year : Rs. Two Crores) if approved by the Members at the Annual General Meeting.

CONSOLIDATED ACCOUNTS

In accordance with the requirements of Accounting Standards, AS-21, AS-23 and AS-27 issued by The Institute of Chartered Accountant of India, the Consolidated Accounts of the Company and its subsidiaries is annexed to this Report.

MANAGEMENT SYSTEMS

Your Company is one of the few construction companies which has established, implemented and maintained an 'Integrated Management System' comprising quality, enhanced customer satisfaction and safety management system. Your Company is also one of the very few companies in the field of real estate development to have obtained ISO 9001:2000 certification in design, construction and maintenance of residential and commercial buildings.

A few of the measurable 'IMS' objectives are:-

- Continuous enhancement of the quality of the Products.
- Meeting customer expectation on the scale of aesthetics, quality, value for money and timely delivery.
- Comply with all applicable laws and regulations.
- Commitment to provide both safe working conditions and protection against health risks to all the employees and other interested parties.

Your Company is also a proud recipient of **DA2** rating from **CRISIL** which indicates very good track record of the developer to specify and build to agreed quality levels and transfer clear title within stipulated time schedules.

It is evident from the above that your Company is not only committed to achieve customer satisfaction but also committed to take care of the surroundings and the community by ensuring that proper health, safety and environmental conditions prevail in and around the work places.

These IMS objectives are being verified through planned & systematic 'Internal Audit' processes and reviewed for its effectiveness at the 'Management Review' meetings. Continuous improvement measures are being initiated from time to time to enhance the IMS performance across the Company. Benefits from IMS implementation are realized throughout the work environment with a marked decline in overall accident cases.

DIRECTORS

Shri Dilip Parekh resigned as Director of the Company with effect from December 1, 2004 and Shri Surendra Sanas and Shri Amit Thacker resigned as Directors of the Company with effect from February 1, 2005. The Board places on record its sincere appreciation for the services rendered by Shri Dilip Parekh, Shri Surendra Sanas and Shri Amit Thacker during their tenure.

Shri Madhukar Chobe retires by rotation and being eligible, offers himself for reappointment.

AUDITORS

M/s Viral D. Doshi & Co., Chartered Accountant, Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting, and are eligible for reappointment.

You are requested to appoint Auditors and to authorise the board to fix remuneration.

SUBSIDIARY COMPANIES

Pursuant to Section 212 of the Companies Act, 1956, the Annual Reports together with Balance Sheet and Profit & Loss Account for the year ended 31 March, 2005 of the subsidiary companies namely, TDR Properties Private Limited, Adhivitiya Properties Private Limited, Agreem Properties Private Limited, Bisha Repairs & Reconstructions Private Limited, Akkadian Infotech and Communication Private Limited, Arnav Properties Private Limited, Vishal Tekniks (Civil) Private Limited, E Commerce Solutions (I) Private Limited, Gallant Infotech Private Limited, Akulpita Constructions Private Limited, Multilink Infotech Private Limited, Brainpoint Infotech Private Ltd, Sheshan Housing and Area Development Engineer Private Limited, and Vishal Nirman (India) Private Limited, are annexed hereto.