



ASHIANA HOUSING LIMITED

Head Office: 304, Southern Park, Saket District Centre, Saket, New Delhi - 110 017
Ph: [011] 4265 4265, Fax : 011-4265 4200

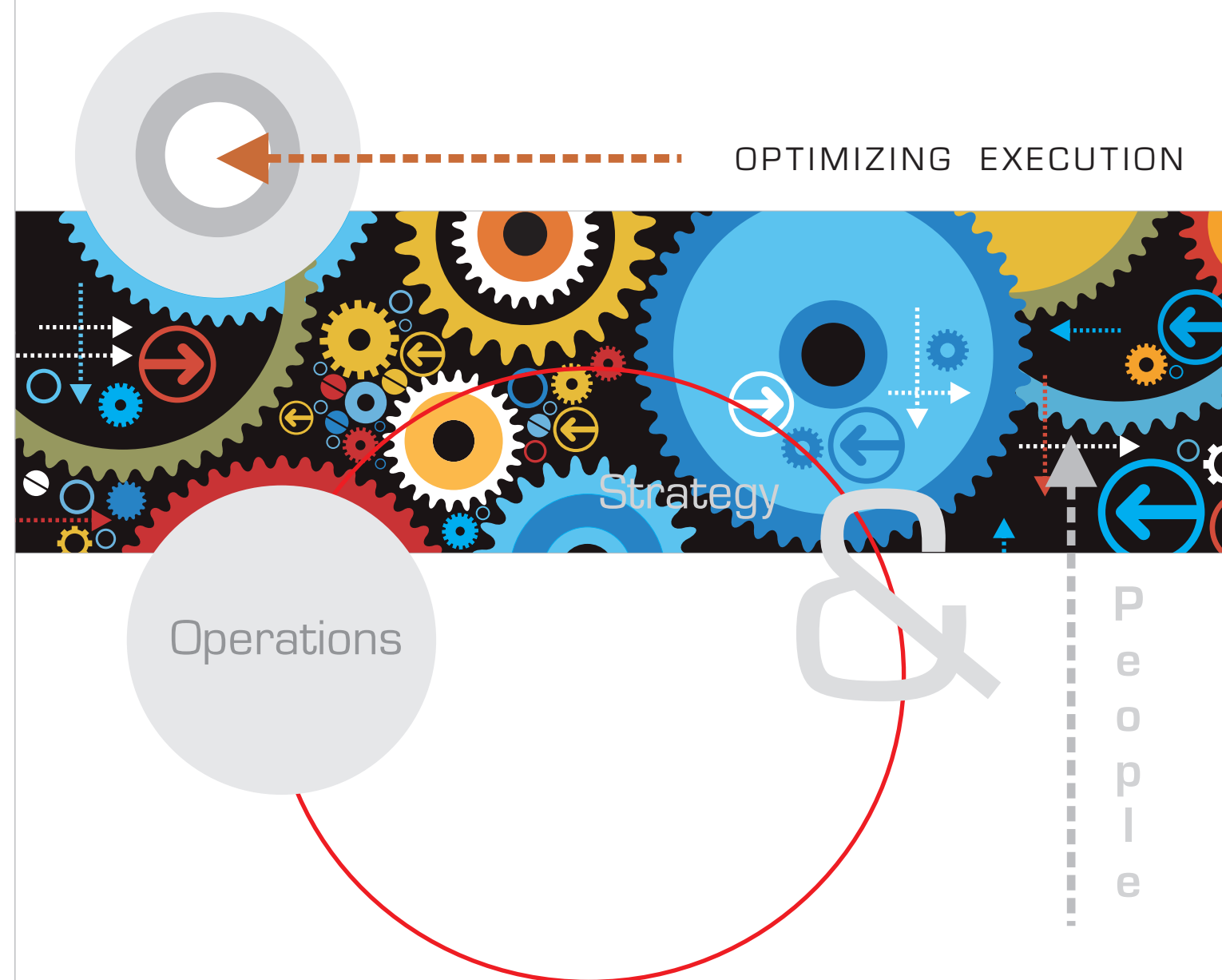
Regd. Office: 5F, Everest, 46/C, Chowringhee Road, Kolkata - 700 071
CIN: L70109WB1986PLC040864
E-mail : investorrelations@ashianahousing.com

www.ashianahousing.com

Ashiana Housing Limited

Annual Report 2013-14

Concept & Design by www.mn-associates.com, 9810089669 • print@pragati.com



Annual Report 2013-14



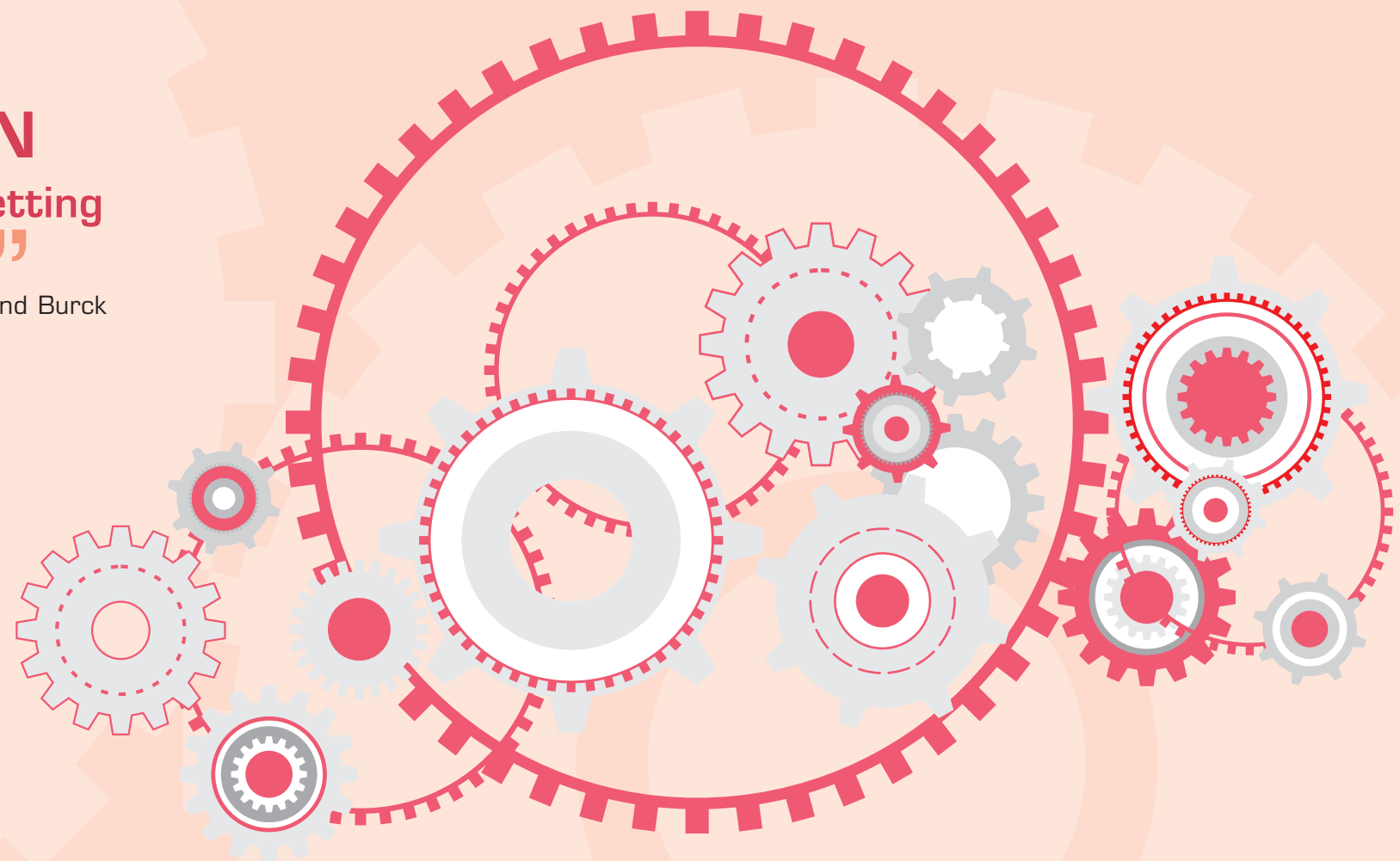
Contents

02	Optimizing Execution
14	10 Years at a Glance
16	Our Purpose
18	Company Snapshot
20	Operational Highlights 2013-14
29	Financial Highlights 2013-14
30	Letter from Managing Director
32	Organizational Structure
34	Key Management
42	Q&A with Joint Managing Director
48	Management Discussion & Analysis
60	Leadership Development Programme
63	Company Information
64	Directors' Report
72	Corporate Governance
79	CEO/CFO Certification
80	Auditors' Report
84	Financials
105	Statement of Subsidiaries' Financials
107	Consolidated Auditors' Report
108	Consolidated Financials

"EXECUTION

The discipline of getting things done"

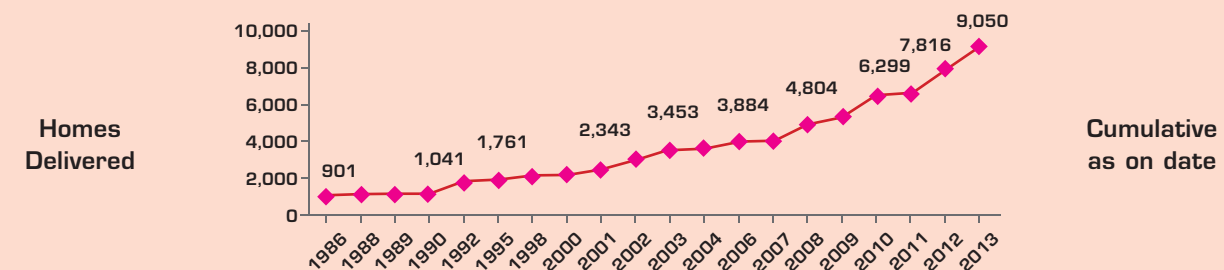
- Bossidy Charan and Burck



Optimizing Execution

Execution - as some may say, is the art of doing things. The focus this year for Ashiana is to optimize the art of doing things. This focus is required as we are now moving from a small scale to a mid scale zone.

The economies are changing and so are the managerial dynamics. Starting from 24 units way back in 1979, this year we crossed the mark of delivering 9050 happy homes till date. The project sizes have changed from 200-300 homes per project to 1000-1500 homes per project. 1673 homes got booked this year as compared to 515 homes four years back. Construction scale has also almost doubled in the last three years. This rapid growth has been unprecedented in our history and has stretched our execution capability. All this suggests putting in place a system to measure and monitor the progress that can greatly enhance the impact of the planning process for all of the sub divisions.



Execution is "the missing link between aspirations and results," and as such, making it happen is the business leader's most important job. It is not merely managing the tactical side of business but developing a discipline to learn. We feel, to manage the core business processes of strategy, people and operations, the following building blocks need to be in place: leaders with the right behavior; a culture that rewards execution; and a reliable system for having the right people in the right jobs.

"I don't think it matters what the idea is, almost. You need great execution."

- Felix Dennis



Strategy: Talking about the strategy first, we formulated our strategic plan three years back and now it is reviewed every year. The plan delves into the vision, mission, target segment of the Company and the ten year action plans. It then lists the focus areas for next three years further breaking it down to yearly goals and quarterly tasks. Every year the review starts with the management team anticipating the big challenges and spotting important trends in the industry. Performance of year gone by is then discussed, along with the big achievements and also the bottlenecks.

These goals are then summarized in form of corporate targets, and shared with the organization, which serves as the basis for more detailed strategic planning at the division and business-unit levels. Key focus areas are identified every year and specific individuals are made owners to execute them with the help of sub-teams. One top priority area is outlined and all others are aligned to that thought.

People: In the first quarter of FY 2013-14, Ashiana launched a Leadership Development Programme (LDP) for its employees. We designed a three step process for implementing LDP:

a) Development of skills and competencies to do the present job, efficiently.

- b) Development of skills and competencies required to undertake greater responsibilities.
- c) Providing employees the opportunity to take on greater responsibility.

Other initiatives included

- Employee motivation through presentations and communication boards
- Structured quarterly conversations between a manager and his subordinate along with individual development plans for them
- Book reading through clubs, monthly reviews etc.
- Fast track growth of engineers through a formal program
- Skill training program for unskilled manpower
- Structured training in 3 steps spread over 5-7 years, to enable supervisors to independently take on Site Engineer's role & responsibilities
- Improved hiring process

We are confident that these initiatives of Ashiana will not only provide professional development opportunities to employees but shall also fuel the growth of Ashiana through home grown managers at all levels.

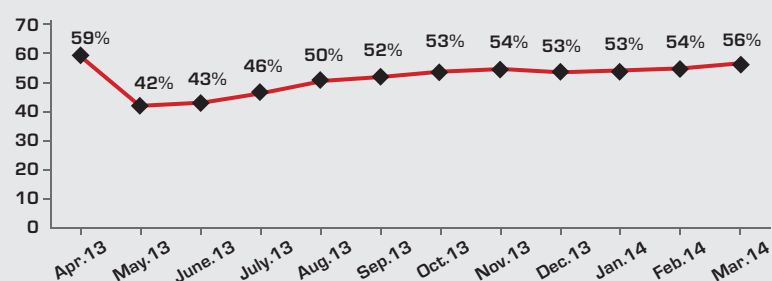
“Execution is everything”

- Jeff Bridges

Operations: We have, in earlier editions, talked about our business model and the way it helps us in scaling and sustaining the growth. We will now discuss how the different divisions of Company drive this model. Sales have had the record performance year - 1673 homes translating to 22.17 lakhs sq. ft. of saleable area. To maintain this growth momentum and not get lost, we have identified key parameters which affect our sales. Referral sales being 56% of our sales is the biggest contributor to our performance. Referral sales tell us the amount of customer satisfaction and trust which gets built over the years. The numbers show that our customers who had a buying experience with us are satisfied and encourage others to do the same. For us it is critical to ask questions like - Do we take care of our existing customers? How do we make sure they keep repeating the same behavior? We believe that success in this endeavor - is driven by understanding what they like and why. To ensure this, we have a regular customer feedback system. We take customer feedback at three levels - while booking by Sales Executives, at the time of possession by Customer Relationship Engineers and after possession by Top Level Management

Another question that arises is, that do our customers have information to make referral sale recommendations. We are putting in systems to ensure regular information to our existing customers about upcoming projects.

**Cumulative Referral
Sales - 2013-14**
(As a % of total bookings)



Also, another important factor which helps getting sales is the conversion ratio. Conversion ratio is the ratio of site visits to bookings. Improving that ratio means getting more bookings with same number of visits. We ensure that by proper data segregation, we target the right audience at the first place, understand their requirements and then provide them the options that best fit their aspirations. Enquiries and site visits are important numbers for us to track and improvise on a continuous basis.



“In the military, as in any organization, giving the order might be the easiest part. Execution is the real game.”

- Russel Honore

To execute this growing level of sales, we also need enough inventories to sell. All approvals need to be received on time to launch new projects. One key area, therefore, this year will be to prioritize and optimize the system in place to apply for approvals adequately, to get all drawings for sanctions well prepared to avoid any delays and hence fuel the growth.

Also, the inventories will get exhausted at a faster pace now, so we have to look for new projects both in existing and new locations. Last year we developed a structure around land acquisition team which will now execute strategies for locating new cities and projects which fit well in our target segment. We aim to identify a new city every year for launching new projects. This will also counter the risks involved related to the regulatory framework and other market risks which prevent growth certain times for individual projects and cities. To track and measure the same, we have interim milestones like number of potential cities to research and the land offers made in these cities. These are also tracked on monthly basis.

Getting the land, applying for approvals and selling it is just half the job. The other critical half is to deliver the quality as promised and that too on time. There is a lot which goes in, right from Design to Architectural Layouts to Landscaping to Construction and finally the Maintenance.

Starting from architecture, our team is involved right from the day a new project is identified to design and structure the homes as per the requirements of the end user. Surveys to understand the target customers, feedback from existing customers, new technologies available in the market etc. - all these are considered while designing every new project. Co-ordination

between architecture and marketing teams with the aim to communicate the right product as planned and between architecture & engineering to deliver as communicated are very important processes.

When the designs have been finalized, it is the constant endeavor of our engineering team to execute them on ground and to get the best available products in the market in that price bracket. We have almost doubled our construction capability in last three years to 17.87 lakhs sq. ft. this year. The plan for next year is to further get this upto 22 lakhs so that it catches up with the figure of homes booked. One of the things which the entire construction industry is facing quite a bit is the increasing construction cost and labor shortage. The operating plan will strictly be a number exercise if we don't pay attention to productivity or quality. To cater to the labor shortage, we have been training our labor to do skilled jobs. The skill training, the supervisors' training and all mentioned above helps us in getting in-house skilled labor and at the same time helping them grow in their individual careers.



**"Vision without execution
is a daydream."**

- Thomas Jefferson



We have also been focusing on optimizing the labor productivity. Our labor efficiencies have increased by more than 50% in the last three years, which is a huge achievement. We want to improve this figure consistently and we keep tracking the same.

In-house construction helps us do things more effectively where we can improvise on the construction techniques, put in check systems to ensure quality and save on margins at the same time. As a Company, we all get a lot of pleasure from constantly learning new things. Last year, we adopted a new form of construction using pre-fab structures called Aluminum Formwork System. Aluminum Formwork panels can be designed for any condition/component of the building. This system is unique as all the components in a building, including slabs, floors, walls, columns, beams, staircases, balconies and window hoods are made of concrete and there is no need for block works or brick works. We will be using this technology in our new project Ashiana Surbhi at Bhiwadi.

When homes are built and delivered to customers, customer feedback is obtained at that time to ensure that homes are delivered as promised. There is also a handing-over process which is regularly monitored when the responsibility passes from construction to maintenance department.

Ashiana Maintenance Services does the facility management for all projects, which is internally treated as more of a department than a subsidiary. They have their tracking numbers to measure customer satisfaction, cost controls and the property services. Effective monitoring systems like MIS and follow-up reports ensure timely, economical and efficient maintenance. On-site and off-site training further ensures a pool of skilled manpower that is sensitive to the needs of the residents.

Maintenance also provides resale and rental services to facilitate easy exits for customers. Over time, all of this also creates brand loyalty which helps us in selling subsequent projects to referrals from the current inhabitants of the projects.

“Success doesn't necessarily come from breakthrough innovation but from flawless execution.”

- Navin Jain (Founder - World Innovation)

To bind all these processes are the support operations like Accounts, Customer Service, Human Resources and Information Technology. Accounts as a process, helps maintaining the financial discipline within the organization. Be it payments to vendors or labor contractors right on time, or the salaries of employees. These might seem insignificant processes but go a long way in building reputation of the Company and helps getting the right people at right time, to execute the planned strategies. Another example can be of the Customer Service Department assisting customers post sales in managing their installments well in time to avoid interest charges or other grievance handling procedures. For most of the people buying homes, it is one of the largest investments of their portfolio and proper information on time eases their decision making at subsequent levels.

To summarize, by this theme of execution, we are checking that all the strategies and plans are made and implemented keeping reality in mind. To achieve these goals we have the right set of people as and when required and all the systems and procedures are in place. **For execution is not complete, unless the other three pillars are well in place – people, strategy and operations.**



₹ in Lakhs

	S No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Balance Sheet	1	Share Capital	535	517	517	1,808	1,808	1,808	1,861	1,861	1,861	1,861
	2	Net Worth	1,938	2,443	3,234	6,777	9,628	12,979	17,495	23,964	26,807	28,446
	3	Long Term Debts	137	132	316	256	111	784	29	1,055	1,105	913
	4	Gross Fixed Assets	431	596	1,397	2,805	3,212	3,434	4,809	5,294	5,741	7,094
	5	Capital Work in Progress	21	218	622	255	519	1,305	47	-	13	128
	6	Investments	1,885	2,322	2,695	4,572	4,068	4,985	7,482	9,116	5,468	3,317
Income Statement	7	Sales & Other Income	1,457	3,921	5,569	13,345	10,401	12,103	15,429	24,898	16,142	12,280
	8	Operating Expenditure	1,438	3,295	4,447	8,861	7,027	7,411	9,578	15,930	11,375	9,091
	9	EBITDA (Operating Profit)	19	627	1,122	4,484	3,374	4,692	5,850	8,967	4,767	3,188
	10	Profit after tax	[13]	553	945	3,865	2,840	3,677	4,386	6,955	3,315	2,186
	11	EPS (₹ per share)	[0.01]	0.61	1.04	4.27	3.14	4.07	4.71	7.47	3.56	2.35
	12	Dividend (₹ per share)	0.06	0.11	0.14	0.30	-	0.30	0.35	0.45	0.45	0.50
	13	Return on avg. net worth (%)	[0.64%]	25.25%	33.28%	77.22%	34.62%	32.53%	28.78%	33.55%	13.06%	7.91%
Cash Flows	14	Gross Advances from customers	4,687	6,917	8,895	7,600	13,671	11,681	12,046	24,433	9,022	26,693
	15	Pre-tax Operating Cashflows							5,345	10,967	8,381	12,590
Operations	16	Area Constructed (lakhs sq. ft.)	2.57	4.41	5.48	7.20	9.40	10.22	10.74	14.62	12.27	17.87
	17	Area Booked (lakhs sq. ft.)	5.22	8.16	4.23	6.53	5.26	7.07	13.50	17.83	18.65	22.13
	18	Average Realization (₹ per sq. ft.)					1,906	2,070	2,055	2,190	2,699	2,926
	19	Value of Area Booked					10,023	14,633	27,736	39,038	50,335	64,756
	20	No. of Units Booked						518	1,015	1,298	1,346	1,673



Our Purpose ↓

To bring a smile of satisfaction on people's faces.

Vision:

- To nurture an environment which brings a smile of satisfaction to people who meet us, who live in homes built by us, work with us, supply to us and invest in us.

Mission:

- To develop & maintain homes which are functional, aesthetically pleasing and environment friendly for the middle income group.
- To create retirement communities where senior citizens can lead active, fun filled and a secured life with dignity.

What core values mean to us:

- **Happiness All Around** : importance to all; freedom to work & speak; being able to make a mistake; family-like environment and good interpersonal relationships.
- **Transparency** : honesty; sharing information regularly; self-belief and delivery on time.
- **Going the Extra Mile** : passion for everything we do; continuous improvement and adaptability to change.
- **Never Give Up** : fulfilling commitment.

Happiness All Around

Shamsher, Site Accountant at Marine Plaza, noticed a worker regularly reporting late for work. He accosted the worker who told him that he walked from home, (6 km everyday) to reach the site. This led him to reach late and at the same time he could also not work late in the evening.

Shamsher realized the helplessness of the individual and decided to help him in whatever manner he could.

Accordingly when Shamsher received his next salary he bought a second hand bicycle for this worker. The latter was overjoyed and extremely grateful for this kind gesture from Shamsher.

Mr. Shamsher Singh, Site Accountant
Ashiana Marine Plaza, Jamshedpur

Going The Extra Mile

On 16 Dec 2013 at 1830 hrs Mrs. Partibha Singla, resident of Utsav Bhiwadi, called the Help desk, that there is an emergency in their flat. Immediately, Mr. Rajesh (Plumber) rushed to the flat & noticed that hot water pipe of geyser was burst and water was coming out near the switch board. Rajesh shown his presence of mind and switched off the main power supply and cut off the water supply. Mrs. Singla was very scared of the incident and was unable to move from her bed. Water was splashed all over in the flat. Meanwhile he console Mrs. Singla not to worry about the incident, he did not wait for any one and moved all the stuff from the floor. After that he took a wiper and wiped the entire floor without any assistance. Mrs. Singla was very happy and thanked Rajesh for this great job.

Mr. Rajesh, Plumber
Ashiana Utsav, Bhiwadi

Transparency

Kamlesh is a Supervisor at Rangoli Gardens. A true Ashianaite, Kamlesh embodies the Ashiana Core Values in body & spirit.

A while back, Kamlesh attempted to withdraw ₹ 600/- from the ATM. By mistake the ATM dished out ₹ 16,000/-

He was pleasantly surprised at receiving the additional amount. The SMS he received from the bank also debited only ₹ 600/- to his account.

Even though he was happy at this bounty, Kamlesh's conscience was restless. So, he visited the bank, informed the manager about the mistake made by the ATM and returned the excess amount.

Mr. Kamlesh Kumar, Supervisor
Rangoli Gardens, Jaipur

Never Give up

About a fortnight back, a customer visited the site sales office along with his family. Due to this, the office floor got dirtied. Once the customer left, the office needed to be swept and mopped again; but the house-keeping staff had already left for lunch.

As another customer was shortly scheduled to visit the office and an unkempt office would give a poor impression, Uday immediately picked up a broom and swept & mopped the office floor and tidied it up for the customer's visit.

Mr. Uday Pratap Singh, Executive (Sales)
Ashiana Utsav, Lavasa