



The Power of
focus

Anant Raj Industries Limited • Annual Report 2006-2007

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions.

This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify

such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should

known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Ashim Sarin, Executive Director receiving the award for the fastest growing real estate company (medium category) at the Construction World Annual Awards 2007.

*Ancant Raj Industries Limited
(Ancant Raj) is the fastest growing
Infrastructure Development and
Construction Company (in
medium category) in India. Period.*

That's the power of FOCUS.

In a country of 1.2 billion people, when things are in momentum, the quantum of opportunities surprise. In fact, there are opportunities everywhere. And you want to make the most of every one of them.

However, in business, it is more important to decide what not to do than what to do. With opportunities all around us, we decided long back, to focus. While most chose to go across the country, we decided to focus on the National Capital Region of India (NCR) which encompasses the entire National Capital Territory of Delhi as well as the neighbouring towns in Haryana, Rajasthan and Uttar Pradesh.

The power of focus on the NCR has imbibed in us the ability to be agile to the developments in the region. It has further enabled us to identify premier locations and seize every opportunity in the NCR belt, making our land portfolio of the highest quality. Today 90% of our land bank is within 50 km of Delhi and 500 acres of it in Delhi itself.

Brick by brick, we have grown to become *Agile. Able. Active. and Aggressive.* That's the power of FOCUS.

Today, we have created a qualitatively superior company that, in our view will generate above-average returns with a far lower risk profile.

Welcome to a focused company.

The Power of focus

Agile

Able

Active

Aggressive

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NCR is the fastest growing region within real estate in India. The area receives one of the highest foreign visitor arrivals in India. It has the highest per capita income. And we are excited that NCR is our focus area.

The power of focus on the NCR has imbibed in Anant Raj the ability to be nimble and responsive to developments in the region. To take cognizance of every opportunity and participate in it in the best possible manner.

We are agile in the region and are responding through speed:

- Over the years, we have acquired 928 acres land in this region, with 90% of our land bank being within 50 km of Delhi and 500 acres in Delhi.
- We have used collaboration to grow faster, better in the region. Our Strategic tie-ups include:
 - Aitken Spence, a leading Sri Lanka-based hotel chain for our

hospitality projects.

- Reliance ADA Group for joint development of hospitality projects and one SEZ project.
- The Government of Singapore Investment Corporation to pursue investment opportunities in the construction and development sector.
- We have formed our in-house construction arm to ensure projects are well executed and there are no delays.
- We believe in the potential of the region. Hence, unlike selling our projects, we have decided to adopt the build and lease strategy for most of our developments. In another two years, approximately 50% of revenues from FY09 onwards will be generated from leased properties.

Expect more hereon.



- With the Commonwealth Games coming up in 2010, NCR will look different. More than ten million foreign visitors are expected to visit India during this period. The event is likely to spur a boom in the hospitality, real estate, airline and travel and tourism industry.
- Infrastructure development is in full steam in this region. The Delhi Metro, power distribution privatization, airport privatization and expressway built up are all expected to change the landscape. Apart from the Metro, the region is expected to receive an integrated rail-bus transit system and regional rail network.
- The region is experiencing the strongest demand for hotel rooms to accommodate increasing number of tourists and overseas business travellers. The foreign visitor arrival of 3.92 million in 2005 was the highest in India.

The Power of focus

Agile

Able

Active

Aggressive

One of the biggest differentiator we present in the infrastructure development and construction opportunity in India is our focus on the NCR belt. While most chose to go across the country, we chose the road less travelled. We decided to narrow our expanse and grow to be one of the oldest groups in the NCR with over three decades of experience.

And today, through this intellect gathered, we are consolidating our strengths. Consolidating to build a strong, powerful and able Anant Raj.

On the lines of the first merger in 2005-06, we underwent two more internal mergers and acquisitions to consolidate the

group's infrastructure development and construction business into Anant Raj. This reorganization will further enhance your Company's capability to carry out larger and more complex projects in the future. It will also help the company capitalize on the synergies from transactions, including the utilization of experienced execution teams in these companies.

Our focus and experience combined with the reorganisation activity, reinforces our commitment to consistently create shareholder value.

Welcome to a new Anant Raj. A stronger, more able Anant Raj.

Acquisitions

Acquired 100% stake in 35 companies engaged in infrastructure development business.

Acquired 100% stake in AR Group company, and thereby acquired 100% stake in its existing 8 subsidiary companies.

Later transferred 50% stake to Strategic Partner.

Now this Company has 16 wholly owned subsidiaries.

Merger 1 (5 group companies)

Companies are engaged in development of Hospitality, IT Parks and Service Apartments..

Merger is effective from 1st April 2005

Merger 2 (4 group companies)

Companies are primarily engaged in infrastructure development for Hospitality and Service Apartments.

Merger is effective from 1st April 2006

Merger 3 (12 group companies)

Merger of infrastructure companies and development and construction business of Anant Raj Agencies Pvt Ltd.

Companies are primarily engaged in infrastructure development for Hospitality, IT Parks, Commercial Projects and Service Apartments.

Merger is effective from 1st January 2007

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We have been focusing on the NCR for over three decades. NCR is our marketplace. Thanks to the experience and understanding of the NCR developed over the years, we get to know of every opportunity in the region, first.

This has ensured a culture of being most active, everytime.

We are constantly bidding for government land, acquiring farm lands and scanning land deals available through intermediary network. Thanks to our focus, we have acquired very high quality land at very attractive prices that protects our downside. We are one of the largest land aggregators in NCR, especially in Delhi. Over 90% of our land is within 50 km of Delhi, with

approximately 500 acres in Delhi itself.

We are constantly focusing on the opportunities generated by different sectors of the Indian economy as they come to fruition in the NCR. We own 928 acres out of which we are actively developing 77 million square feet. We are highly active in the region and are developing IT Parks/SEZs, residential and service apartments, hospitality and commercial projects to realize the full potential of the land bank gathered over the years.

Our focus on the region through consistently high level of activity, offers tremendous competitive advantage and is the most assured form of growth. It can't get better than this!

**SEZs and IT Parks
(62.1%)**



We are focusing on IT/ITES and other opportunities where property could have alternative commercial uses aside from SEZ.

**Residential/Service
Apartments (24.3%)**



We intend to largely do an outright sell of our residential properties. We believe our strategic location, construction quality, superior architecture and competitive pricing will command a premium for the properties.

Hospitality (10.6%)



Our hospitality projects will largely be in the four and five star categories and will be developed before 2010 to leverage the big opportunity provided by the Commonwealth Games. Our strategy includes joint ventures / lease properties to reputed hospitality chains.

Commercial (3%)



We intend to lease most of our commercial projects, unless the return or market controls justify a scale.

Our well diversified portfolio includes development of IT Parks/SEZs, residential, hospitality, and commercial projects. Our medium and long-term plan incorporates numerous projects, totalling approximately 77 million square feet of development.

** The pie chart highlights the division of the planned construction area.*

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Our focus on NCR over the years has resulted in a strong balance sheet that underpins our ability to deliver aggressive returns to our investors over the long-term.

During 2006-07 we recorded revenues amounting to Rs. 212.54 crores, up from Rs. 59.20 crores recorded during 2005-06. Profits increased from Rs. 28.11 crores recorded during 2005-06 to Rs. 125.46 crores during 2006-07. We have grown at a CAGR of 63% in the past four years and our market capitalisation increased from Rs. 2,135.62 crores to Rs. 5,278.4 crores between 31st March 2006 and 30th March, 2007.

The power of our focus was again proved when we underwent two

more preferential issues. In April 2006, we raised USD 66 million at Rs. 600 per share, while in May 2007 we raised USD 168.8 million at Rs. 1229.51 per share. These allotments were made to strategic investors, whose presence and experience we intend to leverage to build a more aggressive Anant Raj. These transactions will also enable us to further strengthen our balance sheet and help participate in projects more aggressively.

With our focus in place, a solid balance sheet, the necessary financial resources and a high quality portfolio, we are well positioned to deliver aggressive returns to all our stakeholders for many years to come.