

our way



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Anant Raj Industries Limited
Annual Report 2009-10

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Our Way

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Disclaimer

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 realised, 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 materialise, 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.

OUR WAY is really quite simple, but hard to achieve.

OUR WAY is to focus on the local area and resist the temptation of growing Pan-India.

OUR WAY is to acquire land at the right price, not any price.

OUR WAY is to concentrate on prime real estate, not far away.

OUR WAY is to build a strong balance sheet through income, not leverage.

OUR WAY enables us to deliver consistent returns to our shareholders and gives us extraordinary resilience.

And the result of OUR WAY..

When the industry is most leveraged, we have no leverage and cash of Rs. 490 crores.

When the industry is thinking of execution, we are ready to sell and lease.

When the industry is thinking of selling land, we are buying.

When most of the industry came out the other side of this cycle, Anant Raj is ready for a strong growth forward.

NCR *Narrow* **Focus India. Extend Reach**

Ours is a local business. One needs to know the landscape. The region. And we have always played by this rule. We have resisted the temptation of going Pan-India. Entering into regions we don't know. We have utilised our energies by focusing on the geography we know the best - the Delhi-NCR area.

Today we have 1,000 acres of prime land in the Delhi-NCR area out of which 500 acres is in Delhi and balance 90% of our land bank is within 30 kms of New Delhi. Total developable area is 70 mn. sq.ft.

Our in-depth regional knowledge of the area allows us to act more expeditiously than many others in making investments.

This is our market. We stay on top of it. We know the landscape. We see the opportunities.

And, going forward, we are poised to capitalise on new investment opportunities as they arise.





Stronger ~~Larger~~ Balance Sheet. *Better* ~~Bigger~~ Growth.

Growth is good. But growth at any cost, not so good.

In our business, growth was interpreted by largeness. The larger the land bank, the bigger the growth prospects. At any cost.

That's not our way. We like growth that is value accretive with less risk. Every player came out of the cycle with high leverage, no cash and was in the market to sell land to generate cash for execution. We had no leverage, Rs. 490 crores of cash and in fact, we bought 3 mn. sq.ft. of land in prime NCR region at our price.

This is the result.



Rs. in crores

Particulars	2009-10	2008-09	2007-08
Total Income	339.71	321.86	633.43
Profit Before Depreciation, Interest and Tax (PBDIT)	311.95	290.75	591.57
Depreciation	10.68	8.63	8.20
Financial Expenses	4.89	0.47	3.33
Profit After Tax (PAT)	238.25	207.07	436.35
Equity Dividend (%)	30%	30%	75%
Dividend Payout	17.71	17.71	68.76
Equity Share Capital	59.02	58.93	58.93
Reserves and Surplus	3,476.54	3,243.14	2,816.97
Net Worth	3,586.88	3,310.54	2,871.61
Net Block	1,951.30	1,361.31	1,235.23
Capital Work-In-Progress including Capital Advances	745.68	721.10	422.83
Total Assets	3,820.57	3,601.32	2,936.35
Total Debt	138.96	210.19	58.02
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No. of Shares	295,096,335	294,642,835	294,642,835
Earnings Per Share (In Rs.)			
Basic EPS	8.07	7.03	16.15
Diluted EPS	7.89	7.03	16.15

our **Land at any price.**

During the peak of our markets, land was being quoted at prices irrespective of the location. Because the scenario was to just accumulate land parcels, irrespective of the price and location.

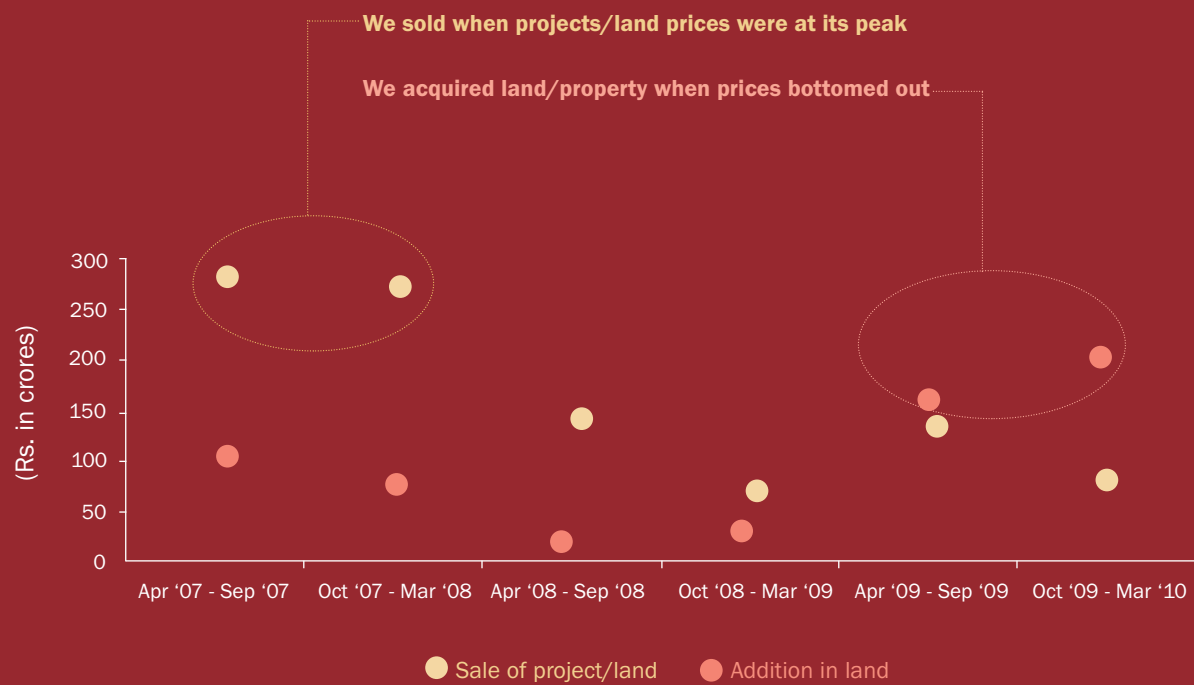
Our Way - We didn't cross the line. We disciplined. We bought land only at our price, not any price. The price it should be. In fact, during the peak times of 2007-08, we sold. We raised capital. And deployed it to construct.

And in 2009-10, as the markets reversed to the mean, and swung the other way, we got aggressive. Bought more land. And interestingly, there was no one to compete.

We bought 3 mn. sq.ft. of land at Rs. 284 per sq.ft. in the heart of NCR. And we bought it at our price. That's very important. Construction cost being same, the price and the location of the land determines your margins, and your ability to sell.

The result - We have the highest gross margins in our business.





today **Execute Tomorrow.**

As the cycle turned around, the market demonstrated signs of increase in demand. People were ready to buy if the projects were physically ready. But there was no liquidity in the system. No cash for completing the projects. They were all over leveraged.

The result of our way of doing things - We completed 2.77 mn. sq.ft. We launched five projects during the year. And plan another 5.76 mn. sq.ft. to be executed in the next 3 years.

Execution builds our business. Empowers us with more cash to buy more land at right price and execute more.

