

Building
more homes
in heart



Anant Raj Group

Annual Report 2011-12
Anant Raj Industries Limited

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Anant Raj was, is and will continue to be a Delhi + NCR story.

We have always believed in real estate being a regional business. The sustainable competitive advantage of any player in our business comes from buying the right parcel of land at the right price and at the right side of the real estate cycle. And this comes from the understanding of the region it knows most. In our business, even buying a right piece of land at wrong price could erode shareholder value. And which is why we have remained committed to Delhi + NCR. Simple.

Delhi is the heart of India, geographically, politically and psychologically. Given the stature of national capital and also given the rapid urbanisation that has taken in Delhi + NCR, we believe that despite being focused on just Delhi + NCR, we will deliver strong, consistent growth as a dominant player in this region, which is the heart of India.

Given our understanding of the market dynamics shaping the heart of India, Delhi (and NCR), we took the road less travelled between 2008 -2012.

■ As others took on leverage, bought large land parcels and showed their might, we chose not to leverage.

■ We decided this was time to build high quality, long term, annuity assets (commercial, retail and hospitality). Then, when the worst of the industry was being witnessed in 2010-11, we decided it was time - time to use our resources and focus residential.

■ Over the last 24 months, we have acquired Rs. 900 crores worth of land bank. And this is acquired at great immediate and future locations. And most importantly, at the right price. Such was our belief in both the market cycle and the pricing; we did not shy from leverage.

And with it we have built a residential portfolio that few can match. As we move ahead, Anant Raj today has annuity income that is Rs. 100 crores per annum with only 50% utilisation, a residential portfolio that is spread over 450 acres which has already started generating cash from Financial Year 2010-11 onwards.

And all this is because we kept it simple.
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Home Coming

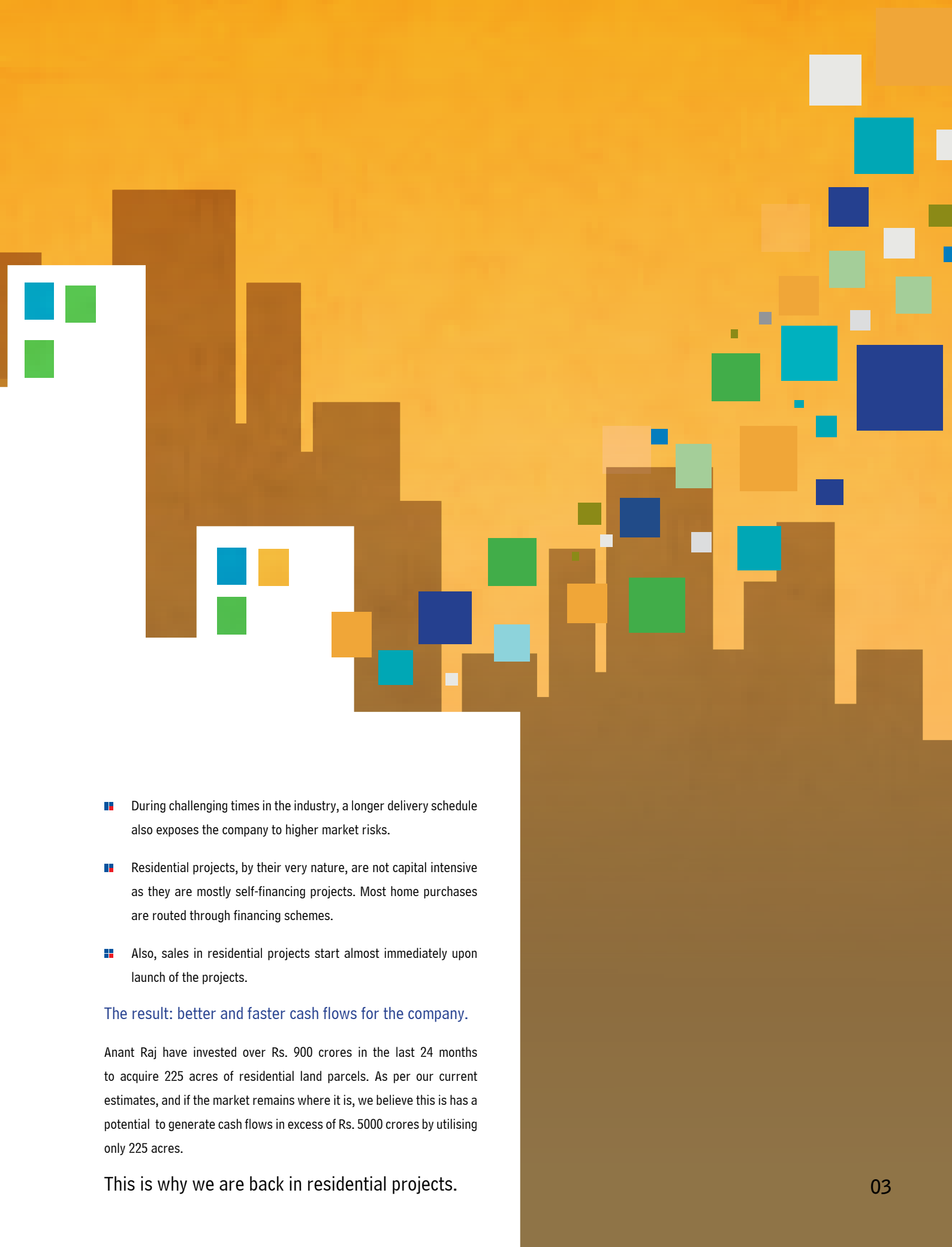
At Anant Raj Industries, we have come back home. After dominating the retail, commercial and office, IT parks and SEZs, hotels and hospitality sectors in NCR, we are back into the residential segment after 3 years.

The real-estate scenario has changed radically over the last few years due to the sudden erosion of liquidity from the sector, the fall in prices and with it the demand too. The demand-supply, cost-price, investment-return matrices have all been redefined by these changes converging into possibly the most challenging period of our lives. And that was the challenge we were so awaiting.

To give a big fillip to our residential foray, again. We waited patiently. At times, we let go of attractive land parcels because price was wrong, but the location was right. It was difficult. But worth it.

We have always liked residential projects.

- They are faster to execute and hence, have better monetisation opportunities.
- The average time to develop and deliver a residential project is 3-4 years, as compared to a commercial or a retail project, which typical are larger projects in terms of size, scale and scope, and take 5-6 years to be developed and delivered.

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- During challenging times in the industry, a longer delivery schedule also exposes the company to higher market risks.
 - Residential projects, by their very nature, are not capital intensive as they are mostly self-financing projects. Most home purchases are routed through financing schemes.
 - Also, sales in residential projects start almost immediately upon launch of the projects.

The result: better and faster cash flows for the company.

Anant Raj have invested over Rs. 900 crores in the last 24 months to acquire 225 acres of residential land parcels. As per our current estimates, and if the market remains where it is, we believe this has a potential to generate cash flows in excess of Rs. 5000 crores by utilising only 225 acres.

This is why we are back in residential projects.



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Everything.
Everywhere.
Everyone.

What differentiates us is our diverse portfolio of residential projects : from affordable to luxury, from Neemrana to Hauz Khas. At Anant Raj, we are one of the few companies that can offer a home ranging from Rs. 8 lacs to Rs. 20 crores.

We have everything, everywhere, for everyone. But in the heart of India. Delhi + NCR only.

Over the years, Anant Raj has built a reputation in Delhi for quality of construction, design and timely delivery. It is no surprise, therefore, that most of these residential projects are already sold.

At Anant Raj, we launched four of the five residential projects planned. When completed, these will result in a total developed area of 13.1 million sq.ft. and will add Rs. 50 billion to the top-line over the next five years beginning 2012-13. Out of these four projects, one project is already 100% sold, two projects are 75%

sold, a testimony to the Anant Raj's understanding of the location and pricing, and of course, name and reputation.

In January 2012, we launched our largest project, Anant Raj Estates - an integrated township spread over 100 acres at Sector 63A in Gurgaon, Haryana. We also have two luxury residential projects in the prestigious and exclusive Hauz Khas and Bhagwan Das Road pockets of Delhi. These two projects alone are expected to add Rs. 20 billion to the top-line in the next 3 years.

Residential Projects

Project name	Location	Saleable area	No. of units	Land in acres
Anant Raj Estate	Sector 63A, Gurgaon			96.634
Ploted Development		123220 sq.mt.	522	
Independent floors		14,007 sq.mt.	147	
Villas		45,106 sq.mt.	138	
Maceo	Sector 91, Gurgaon	1.5 Million sq.ft.	770	12.45
Madellia	IMT Manesar	1.2 Million sq.ft.	670	15.50
Ashray	Neemrana, Rajasthan	1.8 Million sq.ft.	2600	18.00
Rai, Haryana	Rai Haryana	1.0 Million sq.ft.	500	10.00
Hauz Khas	Hauz khas-Delhi	0.2 Million sq.ft.	80	2.40
Bhagwan Das Road	Bhagwan Das Road Delhi	60,000 sq.ft.	4	3.00

And this is just the beginning.

We have only utilised 150 acres from our prime land bank so far. During 24 months, we acquired 225 acres of new land at a cost of Rs. 900 crores specifically for our residential projects. In other words, we have another 300 acres land-bank which we plan to develop in the future.

We hope to develop 13.1 million sq.ft. of residential projects over the next five years.

This is our home coming. We are happy to be back into residential and to be building something for everyone.

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We will continue to grow our annuity incomes.

As a true real estate company, we like to be in every segment of real estate space. We like to own some, and sell the others. We are big believers that commercial, retail and hospitality assets should be owned to begin with, then developed and grown, and then sold when the time and the interest rate cycles are beneficial.

Over the last 5 years, when the real estate market was struggling, we focused to complete our commercial, retail and hospitality assets.

Our commercial properties are our key-assets, yielding steady and consistent earning through lease and rental incomes. We have been successful in generating a 10-12% yield to market value on them than yield to cost.

A key advantage of rental properties is that the upside of capital value appreciation always remains with us. Moreover, we can always discount the rental income with banks to augment our funds and increase liquidity.

We have already built 5 million sq. ft. of commercial space in prime locations at Delhi and NCR. We have two IT parks, one IT SEZ, three commercial complexes, two Shopping Malls and five Hotel projects in our commercial port-folio as below:

Key Asset Earning Properties

Project Name	Location	Constructed Area sq. ft.	Land in acres
IT Park	IMT Manesar, Haryana	1.80 Million	10.0
Moments Shopping Mall	Kirti Nagar, Delhi	0.60 Million	7.2
Commercial Complex at Jhandewalan	E-2, Jhandewalan extension, Delhi	0.16 Million	1.0
Hotel Mapple	NH-8 Near Airport, Delhi	0.06 Million	4.73
Hotel Mapple	NH-8 Near Airport, Delhi	0.04 Million	2.88
Hotel Parkland Retreat	Near Mehrauli, Delhi	0.08 Million	7.37
Hotel Parkland Exotica	Near Mehrauli, Delhi	0.07 Million	5.75
Hotel Regenta	NH-8, Near Airport	0.10 Million	8.00

Of this, almost 50% is already leased out. Our rental/leased income has been growing at a fast pace. We have doubled our lease income from Rs. 50 crores in 2009-10 to Rs. 100 crores this year. What is interesting is the fact that we have these commercial properties all developed and ready for delivery. This means no more capital expenditure is required. Due to a lull in this space, there have been no substantial additions to existing supply. Delhi and Mumbai are the two major business hubs in India. The real estates costs are amongst lowest in Delhi compared to those in other commercial cities globally. With renewed demand from IT/ITeS, telecom, technology and retail sectors, things are set to improve. And as things improve, we expect our properties that are ready to be leased out, attracting higher values. When fully leased

out, these commercial properties will yield between Rs.250-300 crores per annum as rental/lease income.

In 2012-13, we are expecting to complete two prestigious projects :

Project Name	Location	Constructed	Land
		Area	in acres
IT SEZ, 1st Phase Haryana	Rai, Sonapat	2.1 Mn. sq.ft.	25
IT Park 1st Phase Haryana	Panchkulla,	0.6 Mn. sq.ft.	10

Going forward, we have ambitious plans to develop more commercial projects and 52% of the total land bank will be marked for rental earning properties. We are launching two more project later this year around the month of October :

- 10 acre resort at Dhumaspur in Gurgaon, with a developable area of 6.5 lac sq.ft.
- 75 acre industrial township at Manesar, Haryana.

We have only utilised 100 acres of our land-bank for our completed and current projects, out of 700 acres available for commercial projects.

We have another 600 acres of prime land bank, paid for and ready for development!

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Our heart is in Delhi. So is our land bank.

At Anant Raj, our focus has never shifted away from Delhi and NCR.

We believed in Delhi. We bought land in Delhi and NCR. We built in Delhi and NCR. And continue to. That is our commitment.

A significant differentiator to our success so far in the real-estate business has been our ability to identify and foresee the future development zones in Delhi + NCR.

Our knowledge of every social and economic development, our observation of every change in demographics and behavioural patterns, our mapping of every new development and trend, and our monitoring every new project that is launched allows us to be there when the time is right.

