



Strong Winds. Stronger Wings.

Annual Report 2015-16
Anant Raj Limited



Contents

01	With Stronger Wings
02	Highlights of the Year
04	Message from Chairman and Managing Director
06	Commercial Real Estate
07	Low Cost Housing
08	Execution Re-defined
09	Land Bank
10	Projects
12	Stronger Wings. Higher Skies.
13	Corporate Information
14	Directors' Report
47	Corporate Governance Report
65	Management Discussion and Analysis
71	Standalone Accounts
107	Consolidated Accounts



The real estate space has been facing **rough weather** in recent times.

Subdued demand, supply overhang and increasing overheads have stressed margins, generating **major turbulence**.

Tightening of liquidity has squeezed cash flows, aggravating the...

Strong Winds

Overcoming these strong winds requires stronger wings.

At Anant Raj Limited, we have stronger wings in the form of

Our Land Bank

amongst the largest land bank in NCR that is fully paid-up and with lowest-cost

Our Hotel Plots

amongst the largest hotel plot owners in NCR with applications already filed for development

Our Commercial Properties

amongst the largest commercial property in NCR ready for occupation and fit-outs

Anant Raj Estate

amongst the top new residential projects in NCR with one of the fastest ever completion

Powering our stronger wings are our proven execution capabilities, our deep understanding of the NCR real estate market, our four-decade experience and expertise, and our fiscal prudence. Our stronger wings have helped us overcome strong winds reflected in our excellent performance this year.

With clear indications of significant revival in demand, the real estate space is poised for a renewed phase of growth.

And at Anant Raj Limited, we are ready...

With Stronger Wings

Highlights of the Year

Financial Highlights

Total Revenues

₹ 476.94 crores

EPS

₹ 1.98

Total Assets

₹ 6,367.43 crores

Total EBIDTA

₹ 154.86 crores

Dividend (12%)

₹ 0.24 per Equity Share

Debt/Equity

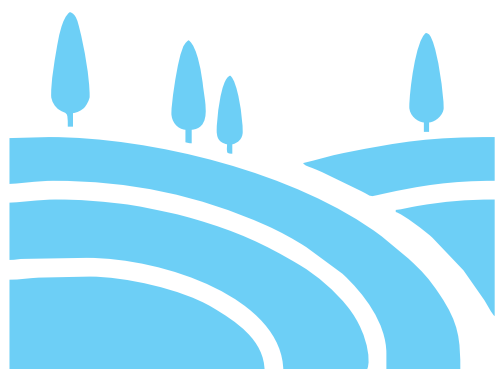
0.36

Total PAT

₹ 64.18 crores

Net Worth

₹ 4,187.54 crores



In 2014-15, the sale of land at 4 Bhagwan Das Road for ₹ 465 crores impacted the financial performance. This year, considering there was no sale of any principal asset like

last year, our financial performance has been both remarkable and resilient.



Other Highlights

No sale of any prime asset of the Company during the year

Continued to hold **prices firm**



AASHRAY at Neemrana in Rajasthan

Anant Raj Estate

- **Execution** going on at full speed
- **Fastest-ever** certificate of partial completion received
- Sector 63A in Gurgaon **fast emerging** as a commercial area

AASHRAY at Neemrana in Rajasthan

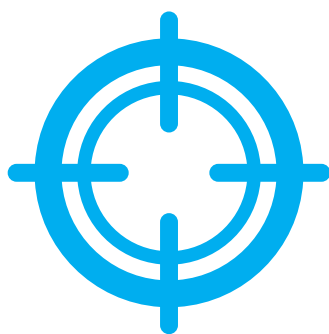
- Only player to **complete and deliver** 2,600 real low-cost homes

Commercial real estate market picking up **significant momentum**

New sales teams being created with a clear focus on leasing commercial assets

Designs and plans for hotel plots **submitted**

Changes in FAR rules for hotel plots have increased capacity to almost **7,000 hotel rooms**



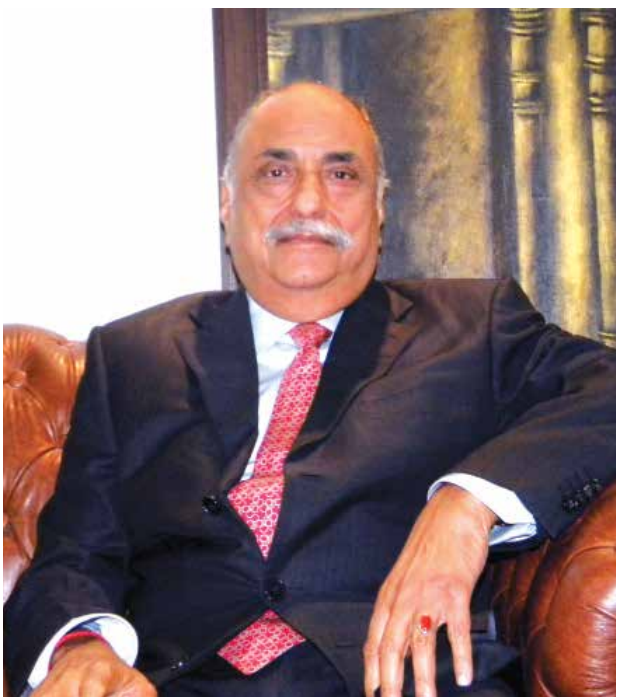
Demerger of Project Division of the Company with Anant Raj Global Ltd, the Company yet to be incorporated, The restructuring under this scheme would enable business approach with greater focus and attention for maximization of

benefits to all stakeholders and capitalize on the opportunity for growth.

Message from Chairman and Managing Director



Ashok Sarin
Chairman



Anil Sarin
Managing Director

Dear Shareholders,

It is our pleasure to welcome you to the Annual General Meeting of your Company for the year 2015-16. We always look forward to reviewing the performance for the previous fiscal year as well as share our views on the outlook and future plans of your Company.

As you are aware, the Indian real estate industry had been facing stiff and strong winds over the last few years. We can trace this rough weather to the financial crisis of 2008 which had a direct and drastic impact on the real estate space. The recent past has seen concerning overhang of inventory, projects slowing down, decline in launch of new project and an overall sense of trepidation and apprehension in the sector. Almost every player, big or small, felt the impact of these Strong Winds as sales remained subdued, costs increased and margins came under pressure.

However, the last year has been a year of revival sector. As the Indian economy continues to surge ahead, there has been a remarkable change in sentiments. Key macro-economical parameters like inflation and interest rates have been favorable. Wages are rising. The government's thrust on the real estate sector with long-term initiatives like Housing for All by 2022, 100 Smart Cities and focus on infrastructure are all expected to boost demand in the coming years. Legislative interventions in the form of Real Estate (Regulation and Development) Act, 2016 as well as clarity on REITs will bring in more structure and transparency in the sector and make it more attractive for investors. There has been a flurry of activities in the PE space. The commercial real estate market has been witnessing strong demand during the year.

We believe, these are all positive signs that the real estate sector is poised for a phase of growth.

At Anant Raj Limited, this was a year when we continued to focus on our execution. Anant Raj Estate, our marquee mega project at Sector 63A in Gurgaon, saw work going on in full

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Anant Raj Estate, our marquee mega project at Sector 63A in Gurgaon, saw work going on in full swing and received the fastest ever certificate of partial completion

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swing and received the fastest ever certificate of partial completion. We are also considering launching a commercial project worth about ₹ 500 crores at Sector 63A in 2016-17. We shall keep you updated on this.

As far as the financial performance of your Company is concerned, it was a year of good all round performance. In line with the industry trend, there was a marginal drop in revenues. The Total Revenue for the year declined by 8.42 per cent to ₹ 443.30 crores compared to ₹ 484.08 Crores in the previous year. Profit After Tax (PAT) for the year was ₹ 64.18 crores against ₹ 142.38 crores in the previous year. What makes this year's performance noteworthy is the fact that unlike last year, when the sale of land at 4 Bhagwan Das Road augmented the financial performance, this year, we have achieved this performance without the sale of any principal asset.

At Anant Raj Limited, we are at a good place. Against strong winds in the industry, we have stronger wings that will take us to greater heights in the days to come. Let us briefly explain this :

- We have a land bank of 1,038 acres which is amongst the highest in NCR. What makes this land bank special is the fact that it was acquired at a low cost. It is entirely paid for and is located within 50 km. radius of Delhi
- We have a highly balanced portfolio of real estate assets land plots, ready-to-lease commercial properties, hotel plots and our township project, Anant Raj Estate. What this diversified asset portfolio does is gives us a steady cash flow in the form of rental income as well as capital value appreciation
- Our low-cost land bank gives us massive advantage in the low-cost housing market, which is one of Prime Minister, Shri Narendra Modi's dream projects. At Neemrana in Rajasthan, we have proven our expertise in low-cost housing by developing and delivering 3,000 flats
- With almost 5.5 million sq.ft. of ready commercial property of which only 30 per cent is leased, we are poised for a significant upside as the commercial sub-segment has seen highest traction in the last year
- We have filed designs and applications for all our hotel plots where, with the new FSI rules, we have a potential to develop 7,000 rooms

What makes us stand apart is the fact that we are one of the few companies in our space who do not need any fresh capital expenditure. All our land bank is fully-paid and all our commercial projects are ready. We only need cash-flow for execution, which we are confident to generate from sales.

The outlook for the near and mid-term is promising. The economy is confidently surging ahead; the implementation

of the 7th Pay Commission is expected to increase consumer demand; the regulatory changes and government initiatives are expected to start bearing results. Normal monsoon this year will also result in an all round boost for the economy.

As we look ahead, we see a lot of potential. There is significant value that stands to be unlocked at Anant Raj Limited in commercial real estate, in low-cost housing, in hotel plots and at Anant Raj Estate.

The Board of Directors of your Company at their meeting held on July 19, 2016 has approved the Composite Scheme of Arrangement between Anant Raj Ltd (ARL), Anant Raj Agencies Pvt Ltd (ARAPL) Promoter Group Company, Taurus Promoters and Developers Pvt Ltd (TPDPL) and Anant Raj Global Ltd (ARGL) and further on July 30, 2016 has approved minor modification in the said scheme. The proposed Composite Scheme of Arrangement provides for:

- Demerger of Real Estate Division of Anant Raj Agencies Private Limited (ARAPL/Demergered Company 1/ Amalgamating Company) into Taurus Promoters & Developers Private Limited (TPDPL/Resulting Company 1) and subsequent amalgamation of Remaining ARAPL with the Company
- Demerger of Project Division of the Company into Anant Raj Global Limited (ARGL/ Resulting Company 2) (a WOS of the Company, yet to be incorporated) and subsequent listing of ARGL at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)

The above scheme of arrangement shall be subject to the approval of Stock Exchanges, High Court (s), other regulatory Authorities, Shareholders and Creditors of all the Companies.

We believe that the restructuring under this scheme would enable business approach with greater focus and attention for maximization of benefits to all stakeholders and capitalize on the opportunity for the growth.

Indeed, we are set to soar, on Stronger Wings.

We thank you for your continued trust and confidence. We would also like to extend our heartfelt thanks to all our stakeholders : our investors, our partners, our employees, our customers and most of all, our shareholders, for their faith and support. Thank you very much.

Yours sincerely,

Ashok Sarin
Chairman

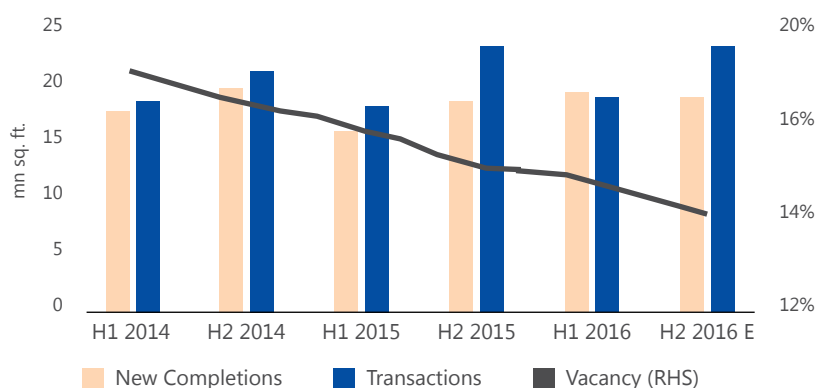
Anil Sarin
Managing Director

Commercial Real Estate unlocking the Potential and the Value

The Commercial real estate sub-segment has shown a remarkable and significant traction during the year 2015-16. Absorption has increased in all the key cities of the country accompanied by a healthy increase in average rentals.

The sustained economic growth in the country for the last two consecutive years has remarkably improved the investment and business sentiment, leading to a surge in demand for commercial office space. Another important factor has been limited supply of quality commercial real estate properties, particularly in light of the fact that there was a marked decline in new launches.

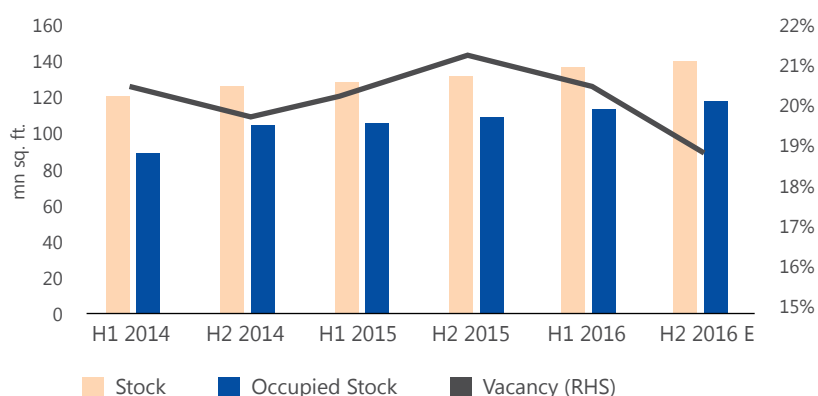
New completions, transactions & vacancy in top six cities



(Source: Knight Frank Research)

In the NCR region, absorption increased significantly in 2015-16. IT and ITeS continued to be the key demand drivers, with e-commerce firms also vying for quality office space.

Office Space Stock and Vacancy Levels



(Source: Knight Frank Research)

This strong revival of demand in the commercial real estate space has created rising opportunity for Anant Raj Limited. With over 5.5 million sq.ft. of top-quality, ready for fit-out office space in NCR, Anant Raj Limited has one of the largest commercial ready real estate.

What makes this an interesting and exciting opportunity is the fact that this entire portfolio of commercial real estate is fully paid up, and there is no further expense that needs to be incurred on these. The Company does not need require any more investment or cash flow to unlock the value of its commercial real estate properties.

We are creating new sales teams that will focus on leasing out the commercial assets. These highly trained and professional sales team will actively pursue new clients in IT/ ITeS, e-commerce, telecommunications segments, as well as in the manufacturing sector. They will be in constant touch with the rental markets and ensure that the commercial real estate of the Company are leased out to prime clients at best rates.

Currently, only 30 per cent of the total commercial space is leased out, generating a steady cash flow of ₹ 66.32 crores annually. In other words, we have another 70 per cent of commercial space that is ready to be leased out.

On a conservative estimate, even if we double our total lease to 60 per cent in the next one year, we are looking for additional rental income of ₹ 50 crores annually at current rental rates.



Low Cost Housing the New Focus and Opportunity

The Housing for All by 2022 mission is very close to the heart of India's Prime Minister, Shri Narendra Modi. A key focus in this ambitious project is low-cost housing.

305 cities have been identified in nine states under the ambitious Housing for All by 2022 initiative with a target of building two crore houses by 2022 for the poor in urban areas, coinciding with seventy five years of the country's independence. According to a recent report by Cushman & Wakefield, the overall affordable housing segment offers a US\$ 11.8 billion opportunity in the key seven cities of India.

One of the key challenges for developing and delivering low-cost homes is low-cost land. Since land cost comprises a major portion of the overall cost, it is the availability of low-cost land with developers that creates an edge and an advantage in this fast emerging opportunity.

At Anant Raj Limited, low-cost housing is our new focus area and an exciting opportunity. We are the only developers to complete and deliver 2,600 low-cost homes at AASHRAY in Neemrana, Rajasthan.

The key and critical success factor for our success in AASHRAY was the fact that we owned the low-cost, ready to develop land. This low-cost land ensured that we could build and deliver homes costing just ₹ 8.20 lacs to the first-time buyers, in line with the Prime Minister's vision. The fact that AASHRAY was completed in a record time of 36 months, is a testimony to our expertise and execution.

With the success of AASHRAY, Anant Raj Limited has successfully proven and showcased its capability and capacity to emerge as a leading player in the low-cost housing segment. We are now looking ahead to execute larger low-cost housing projects.

We have low-cost land. We have top-class execution capabilities. We have the necessary experience. We have completed low-cost project in record time.

We are now endeavoring for more.



Strong Winds. Stronger Wings.

Execution Re-defined
Anant Raj Estate

Anant Raj Estate is our marquee residential project at Sector 63A in Gurgaon, Haryana. Spread over 160 acres, Anant Raj Estate has an approximate developable area of 6 million sq.ft. and a potential monetization opportunity of ₹ 5,000-6,000 crores to be unlocked over the next five-six years.



Projects as large and massive as Anant Raj Estate test the execution capabilities. Development happens according to a carefully thought-through plan, and execution needs to be seamlessly synced.

In 2014-15, we completed Phase 1 of the project. Such was the swift of our execution that we got one of the fastest ever certificate of partial completion from the government of Haryana. We have handed over fully developed plots to buyers who have started construction during the year. We are also on track to complete Estate Floors and hand them to buyers by the end of this year. Sample villas of different sizes are also ready for prospective buyers to view and experience.

At Anant Raj Estate, we have only developed 65 acres of the total 160 acres. In other words, there is a significant value that we are poised to unlock in the near term.

Another interesting development that has happened over the last year is the fast emergence of Sector 63A as a commercial area. At Anant Raj Estate, we have sufficient provision for commercial developments. The demand for commercial real estate is on the rise in this region, we are considering launching a commercial project at Anant Raj Estate approximately valued at ₹ 500 crores during this year.

Execution at Anant Raj Estate continues at full speed!