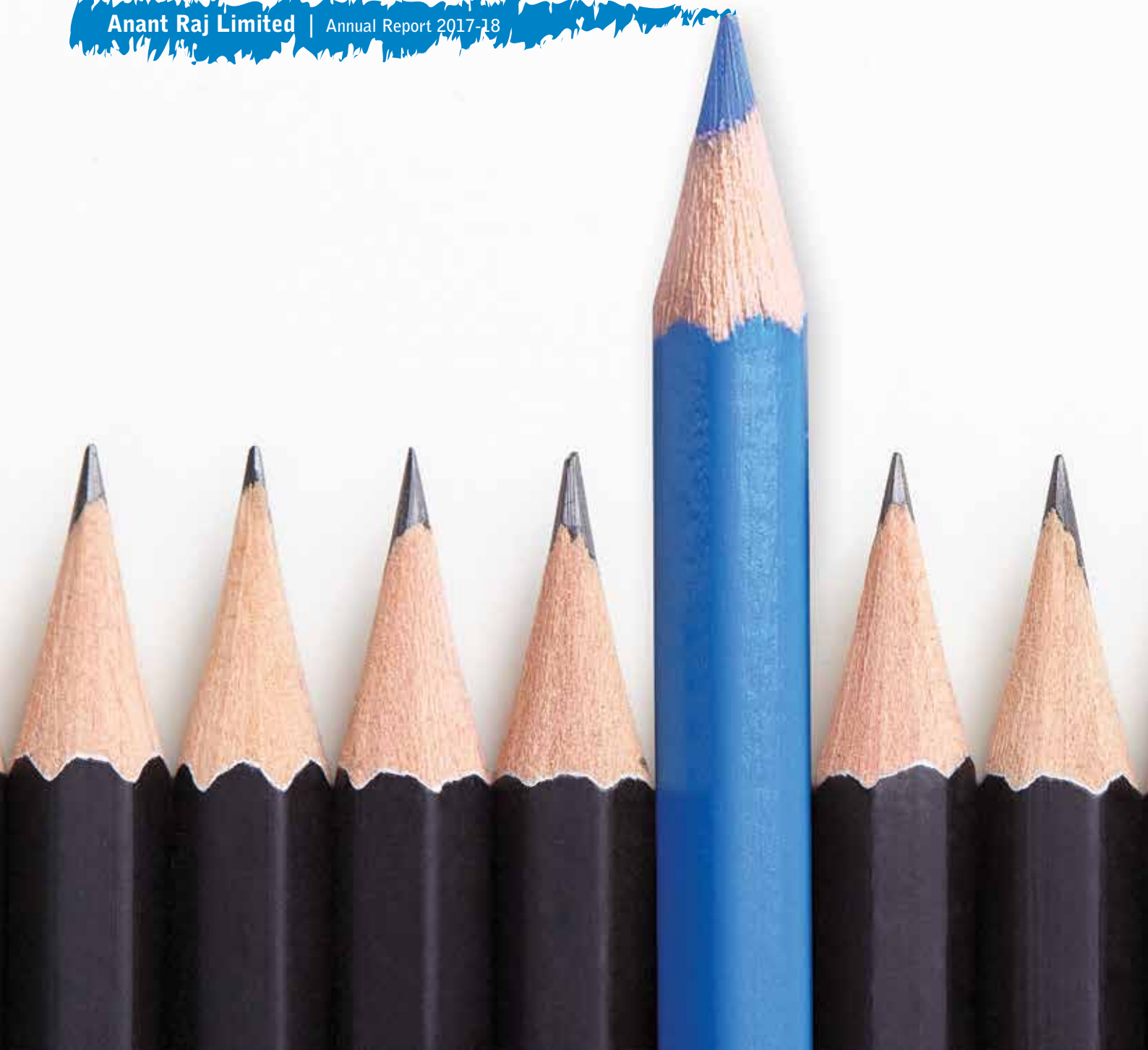


**Standing Firm.
Standing Tall.
Standing Apart.**

Anant Raj Limited | Annual Report 2017-18



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The real-estate industry in India has been facing **challenging times** over the last few years. **Strong macro headwind** has depressed demand. Over **Over-ambitious** have launched project after project.

The result: Increasing turbulence and rough weather that has grounded many leading developers.

Only a few, select listed players in the real estate space in India have been resolute and resilient in this difficult phase.

At **Anant Raj**, we have always believed in the power of **geographic focus** and trusted our **conservative strategy**. This has enabled us to navigate the choppy waters and ensured we are among the few **listed players in India's** real estate sector to be...

Standing Firm. Standing Tall. Standing Apart.

Our strategy of **geographic focus** and granular knowledge of **National Capital Region (NCR)** and our conservative approach to execute and deliver limited projects have been proven right. With a **strong adherence** on governance and robust systems, the Anant Raj brand is synonymous with assured **reliability and spotless reputation**.

After the initial phase of **RERA implementation**, the real estate industry is expecting an upturn - a cyclical upswing that follows regulation in any industry, from stock market to **banking to insurance**.

And when that **positive phase** in the industry arrives, we will be amongst the few **publicly listed developers** ready to leverage the **unprecedented opportunity**.

The Year In Review

ONGOING PROJECTS

Anant Raj Estate

Sector 63A, Gurugram, Haryana

Comprising plots, built-up villas, independent floors, commercial complex, school, nursing homes, group housing over an area of 165 acres

Maceo

Sector 91, Gurugram, Haryana

Residential project over a land area of 15.5 acres with approximately 750 units

Madelia Manesar

Haryana

Residential project over a land area of 12.4 acres with 670 units



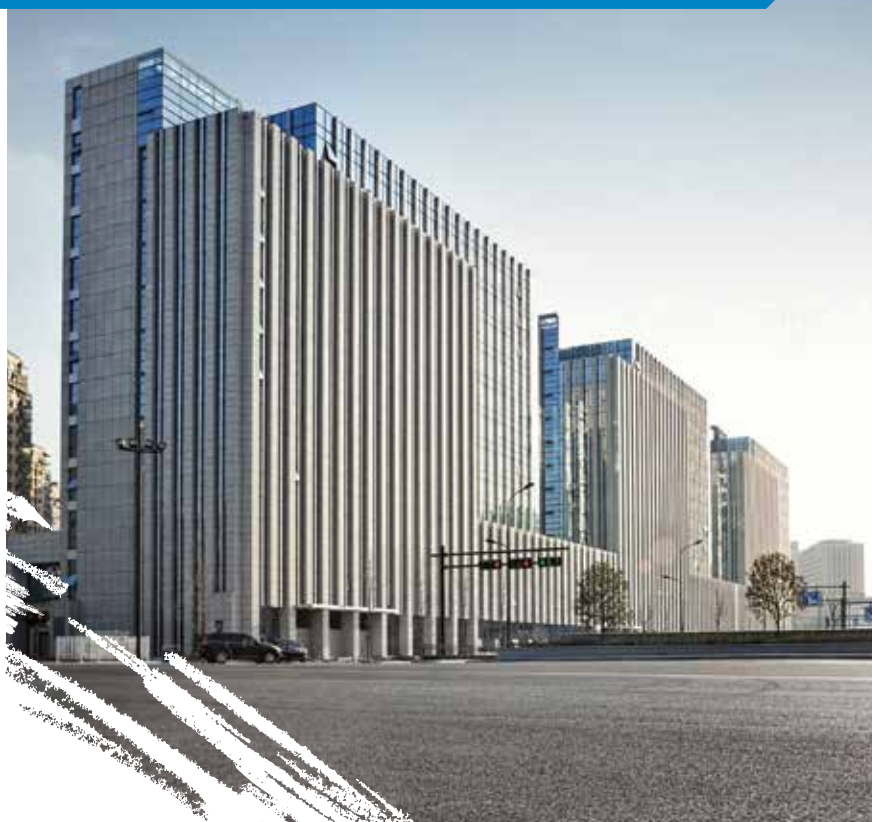
Industry Developments

MOVING TOWARDS A MATURE MARKET

The enactment of regulatory reforms in recent years has ushered in greater transparency, accountability, financial discipline and efficiency in the real estate sector. Taking us towards a matured market characterised by greater compliance and consolidation, these policy initiatives show considerable promise for reviving the growth of the sector.

Real Estate (Regulation and Development) Act or RERA

In May 2016, RERA was enacted, which makes mandatory registration of all projects with a clear deadline, empowers buyers to cancel booking and get refunds, and calls for punitive action for non-delivery. Although certain sections of the Act were introduced on May 1, 2016, it came into force in its entirety on May 1, 2017. RERA has changed the landscape of the sector by initiating a new era of transparency and accountability. This will not only benefit buyers but will also encourage credible developers while clamping down fly-by-night operators. As on August 1, 2017, out of 29 states and 7 union territories (UTs), 15 states had notified the final rules of the RERA, while all seven UTs had notified them. The remaining 14 states are in the advanced stage of notifying the rules.



Goods and Services Tax

The implementation of GST has helped in reducing developers' construction costs, by negating double or triple taxation to a more moderate level, through input tax credit. While there are no significant variations in the overall taxes, GST has certainly eliminated the tax-on-tax system. Home buyers in the affordable housing segment, specifically, homes of up to 60 sq. metres carpet area in size, have benefited significantly from the reduction of GST by 4% (from 12% to 8%). Also, unscrupulous activities are being minimised considerably, bringing in transparency and accountability into the sector.

Relaxation in FDI Policy

In January 2018, the Government approved 100% FDI under automatic route in the construction development segment, which includes townships, housing, built-up infrastructure and real estate broking services. The industry has welcomed the recent relaxation in the FDI as it will bring more investment, transparency and governance in the sector.

Infrastructure Status to Affordable Housing

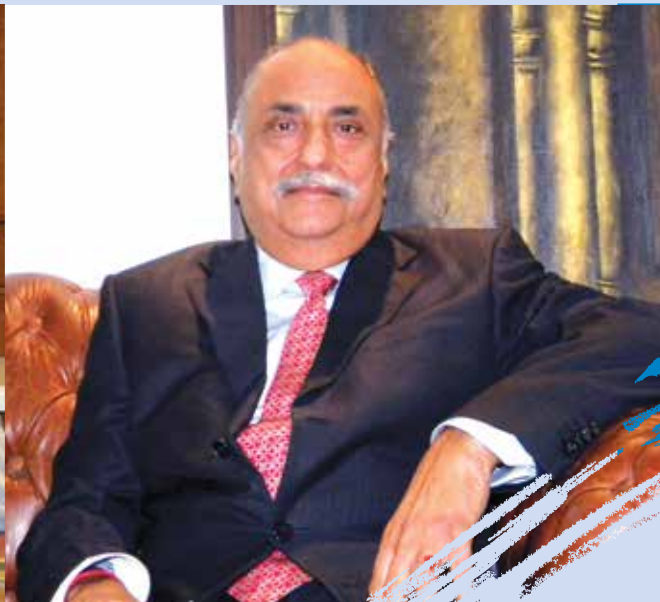
Affordable housing received a significant growth impetus with the Government according it infrastructure status in the

2017-18 Budget. Infrastructure status given to the affordable housing sector will enable projects associated benefits such as lower borrowing rates, tax concessions and increasing flow of foreign and private capital, thus creating improved growth avenues for real estate developers.

Other Measures

The regulatory environment has also improved with additional measures such as Real Estate Investment Trusts (REITs), the Benami Transactions (Prohibition) Amendment Act, 2016 and higher tax breaks on home loans. This is expected to spur the housing and construction activities.

Chairman And Managing Director's Message



Dear Shareholders,

It is an immense pleasure to present to you the Annual Report of Anant Raj Limited for the year ended March 31, 2018. While the market environment continued to pose challenges, we are glad to share that your Company has shown the resilience to manage such hurdles and stand tall and firm.

Fiscal 2018 will be remembered in the Indian economic context as a year when critical structural initiatives were undertaken to build strength across macroeconomic parameters. Foremost among them was the historic rollout of the Goods and Services Tax (GST). The implementation of the biggest tax system change since Independence was, however, not without glitches and its temporary disruptive nature slowed down Gross Domestic Product (GDP) growth. The introduction of the Insolvency and Bankruptcy Code (IBC) to facilitate recovery of stressed assets and enforcement of the Real Estate Regulation and Development Act (RERA), which seeks to protect homebuyers

by mandating that developers deliver projects on time and with quality were the other major initiatives of the year.

These structural changes provide a solid foundation for sustainable economic growth and have also been welcomed by leading international institutions. India made a 30-point jump to join the top 100 countries in the World Bank's "Ease of Doing Business" Index, and the country's sovereign credit rating was upgraded by Moody's Investors Service for the first time since 2004.

Despite the real estate sector still facing significant headwinds with new regulations yet to stabilise, demand sentiments not gaining sufficient traction and substantial unsold inventory, we reported a satisfactory performance for FY 2017-18. Our total income increased by 7.02% to reach ₹ 529.32 Crores. The EBITDA at ₹ 158.47 Crores & PAT at ₹ 65.98 Crores, due to sluggishness in the market recorded a decline of 5.89% and 13.18% respectively.

While FY 2017-18 was a tough year for the industry, the recent legislations usher the promise of bringing about a paradigm change in the way the Indian real estate sector functions. Most important among them is RERA, which seeks to increase transparency and accountability to make the residential segment more attractive to consumers and investors. RERA is also expected to consolidate the industry with the disintegration of fly-by-night operators. GST implementation is likely to lead to cost savings for developers, while infrastructure status given to the affordable housing sector should enable the segment to gain considerable traction.

While the residential segment is slowly emerging from the downturn with the improved regulatory environment, the commercial segment continues to show robust activity. Slow supply of quality real estate has lowered vacancy levels, thus firming up rentals. Today, India is one of the world's largest and fastest-growing economies. With India's economic growth outlook continuing to be bright, demand

At Anant Raj, we are prepared to translate these unfolding opportunities into strong growth. Our integrated township Anant Raj Estate is progressing as per schedule and should drive increased sales.

for office and commercial space is expected to remain high. As per recent reports, absorption of commercial real estate across the country is set to rise by over 10% to 33.5 million sq. ft. in 2018.

We are convinced that increased buyers' confidence in the regulated environment will bring about an impressive turnaround in the real estate sector. Preference for an established brand with a proven track record of delivery is also resulting in customers gravitating towards bigger players. At Anant Raj, we are prepared to translate these unfolding opportunities into strong growth. Our integrated township Anant Raj Estate is progressing as per schedule and should drive increased sales. Fully paid-up low-cost land parcels at core locations in Delhi-National Capital Region (NCR) along with our detailed knowledge of this market also provides us compelling prospects for undertaking new and the right projects.

Additionally, our low-cost land parcels also place us at a vantage point to seize opportunities in low-cost housing. An overwhelming majority of housing demand is in the EWS (Economically Weaker Sections) and LIG (Low Income Group) categories, with demand for units less than ₹ 10 Lakhs. However, most

developers are still staying away from the low-cost segment due to difficulty in procuring low-cost land and maintaining margins. We have already shown our execution prowess in low-cost housing with the successful completion of project AASHRAY in Rajasthan. Backed by these internal competencies as well as the deployment of new technologies, we are charged to address this demand-supply gap, not just in NCR but across pan-India.

We also remain confident about increasing the rental yields from our ready for fit-out commercial property in NCR, of which, currently, only 30% is leased out. As per leading real estate report, in the first half of 2018, NCR accounted for the second highest share of absorption of office space in India; this along with sustained demand for commercial real estate provides considerable upside potential for our rental income. We are also exploring the prospects of developing our strategically located Hotel plots in partnership with leading international brands. With the Floor Area Ratio (FAR) of these plots going up to 1.5, we now have the potential to build 7,000 rooms. The proposed foray will further contribute to our revenue and boost long-term growth and business expansion.

In conclusion, our unique market knowledge, deep experience and operating efficiencies have enabled us to stand tall despite difficult times. Our vast land bank further differentiates us from our peers in the industry. The game-changing new regulations herald buoyant and durable growth prospects for the real estate sector, and we are fully prepared to capitalise on the same. Our balance sheet is strong and, last but not the least, we have the people to take advantage of this upcoming opportunity.

As always, we would like to take this opportunity to thank our customers for their business, our employees for their commitment; partners for their support and our shareholders and investors for their continued confidence. We continue to seek the support of all our valued stakeholders as we seek to unlock the full potential of our business.

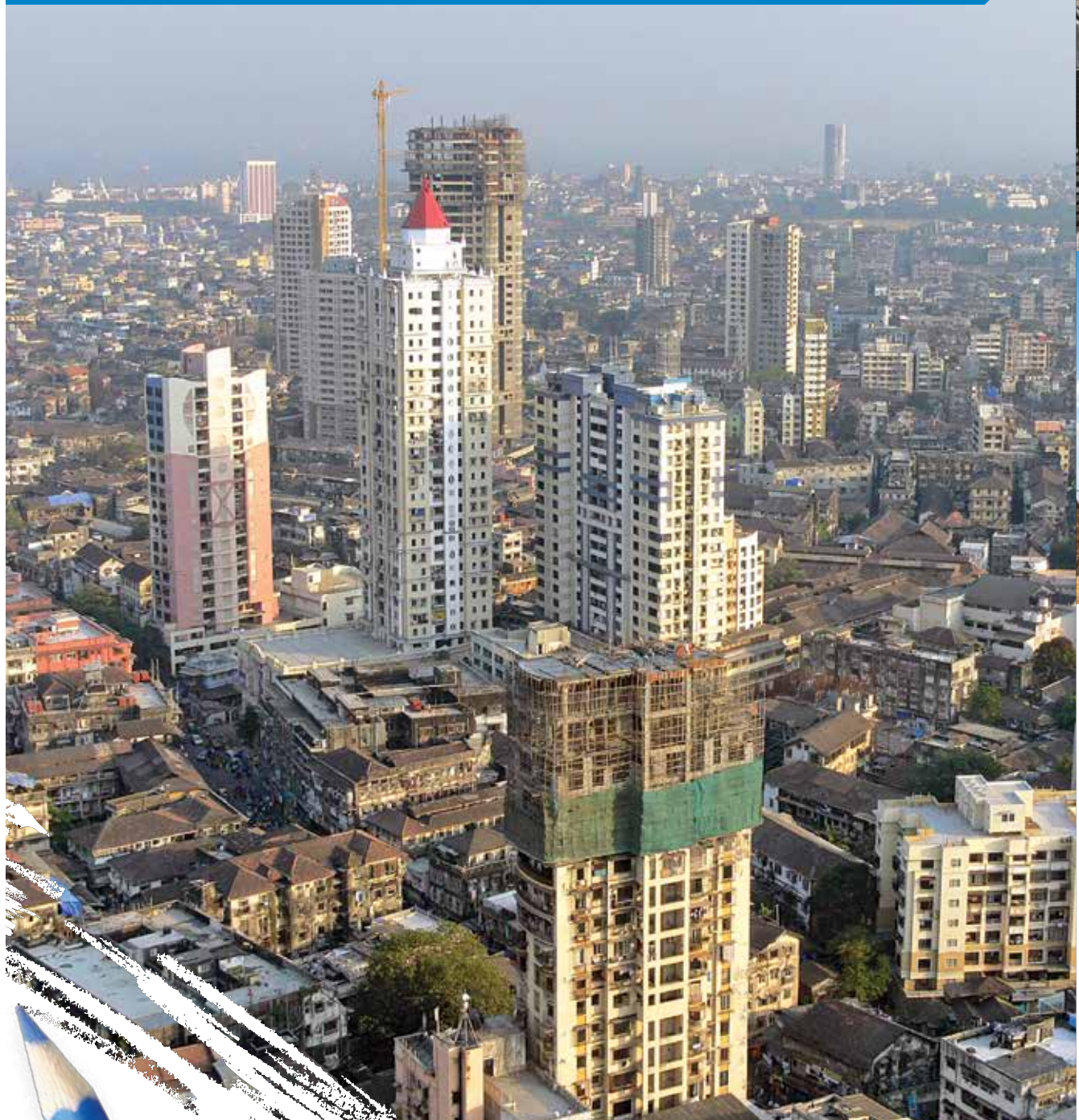
Regards,

Ashok Sarin
Chairman

Anil Sarin
Managing Director

Our Strategy For Success

Demand in real estate started declining from 2013. By 2016, it had hit an all-time low after the Government demonetised high-value currencies. While the enactment of RERA in May 2016 and the implementation of GST in July 2017 will benefit the real estate sector in the medium and long-term, in the short-term it has stretched the lull. A large number of real estate giants are struggling to cope with this slowdown, with several real estate giants even collapsing. Amidst this challenging environment, Anant Raj stands tall, firm and apart from its industry peers. Our right strategy has enabled us to succeed even when the odds have been stacked heavily against the industry.





MARKET FOCUS

We concentrate on geographies that we know best.

An overwhelming majority of our projects have been undertaken in Delhi-National Capital Region (NCR), a market which we understand in-depth. Our singular focus of investing in markets of which we have deep domain knowledge enables us to extract the desired value from our projects. Additionally, it is a known reality that real estate development requires enormous capital and infrastructure. Our pragmatic approach of not getting over-ambitious and spreading ourselves too wide and thin has ensured that our business remains financially viable.

CONSERVATIVE APPROACH

We focus on timely project execution.

In recent years, stalled projects and significant delays in project delivery have considerably tarnished the reputation of the real estate industry. Our exemplary track record of delivery – not a single project has been delayed – makes us stand apart from our peers in the industry. Completion of projects without time and cost overruns has enabled us to deeply entrench our reputation as a trusted real estate player and secure higher sales than many of our peers in the industry.

STRONG BRAND

We believe reputation matters.

Reputation is the sum of what stakeholders believe, know, and feel about an organisation. Timely execution, strict compliance and governance, astute fiscal discipline and geographic focus have made Anant Raj a brand that is trusted and reputed by buyers, suppliers, investors in the real estate industry. Our strong brand and spotless reputation have enabled us to weather the industry turbulence.

CONSISTENT FINANCIAL PERFORMANCE

We seek profitable growth.

Despite a changing and challenging market environment, we have remained focussed on delivering robust and stable returns. Our track record of consistent financial performance shows our success in capturing value under all market conditions. During FY 2013 to FY 2018, when the real estate industry faced significant headwinds, we have generated a top line of ₹ 400-500 Crores and Net Profits of ₹ 65-100 Crores on an annual basis. Moreover, we have been consistently paying dividend for the last 12 years, reflecting our success in prioritising value and delivering returns to our shareholders.

STRONG BALANCE SHEET

We pursue a disciplined approach to capital allocation.

Deploying capital only when it meets strictly defined financial criteria, relating to returns, has enabled us to have among the lowest debt/equity ratio in the industry. Our robust balance sheet positions us well to execute through the ebbs and flows of the real estate market.

DE-RISKED BUSINESS MODEL

We offer a uniquely diversified portfolio.

We have consciously built a highly balanced portfolio of real estate assets to insulate us from a downturn in one or more segments. Our project spectrum encompasses townships, residential, commercial, hospitality, retail, infrastructure and SEZ. Our most important differentiator is that we have the lowest cost land bank in NCR. While our land bank is fully-paid, our commercial projects are ready for let-out. The attractiveness of our portfolio provides significant upside potential.

Prepared For The Next Upturn

Industry regulations bring challenges of compliance; however, history proves that it also provides a solid foundation for the unprecedented growth of the sector. For instance, the insurance sector witnessed quick and systematic development due to the impact of IRDA (Insurance Regulatory and Development Authority) Act. Similarly, regulations introduced by TRAI (Telecom Regulatory Authority of India) and SEBI (Stock Exchange Board of India) completely altered the dynamics of the Telecom industry and the Indian Securities Market, respectively.

With the introduction of regulations in the form of RERA and several others, the real estate industry is poised for major transformation. Based on the sound principles of transparency, accountability and protection of buyers' interests, the regulations will significantly enhance the buyer base. And when this upturn comes, Anant Raj is prepared! Here's how.



MASSIVE LAND BANK

We have one of the lowest cost and amongst the largest land bank of 1,038 acres in NCR. Strategically located within 50 km. radius of Delhi, the financial upside for land development is potentially high. Besides, the land is fully paid-up and has a clear title. Thus, we are positioned favourably to commence construction without any delay. At the same time, the land parcels have appreciated manifold in value with the development of infrastructure (metro rail and expressways) in the region, thus offering great financial opportunity in its monetisation.

