

CHALLENGE

*Change
resides within every
Challenge*

Annual Report 2017-18



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CHALLENGE

Rather change is the beginning and end of challenge.

Challenge inspires change... and change ends every challenge.

So if you're going to rise above the challenge then you must be prepared to change.

At CHD, this intelligence spurred us to make decisive changes which, we believe, will accelerate our growth momentum.



Changing operating model

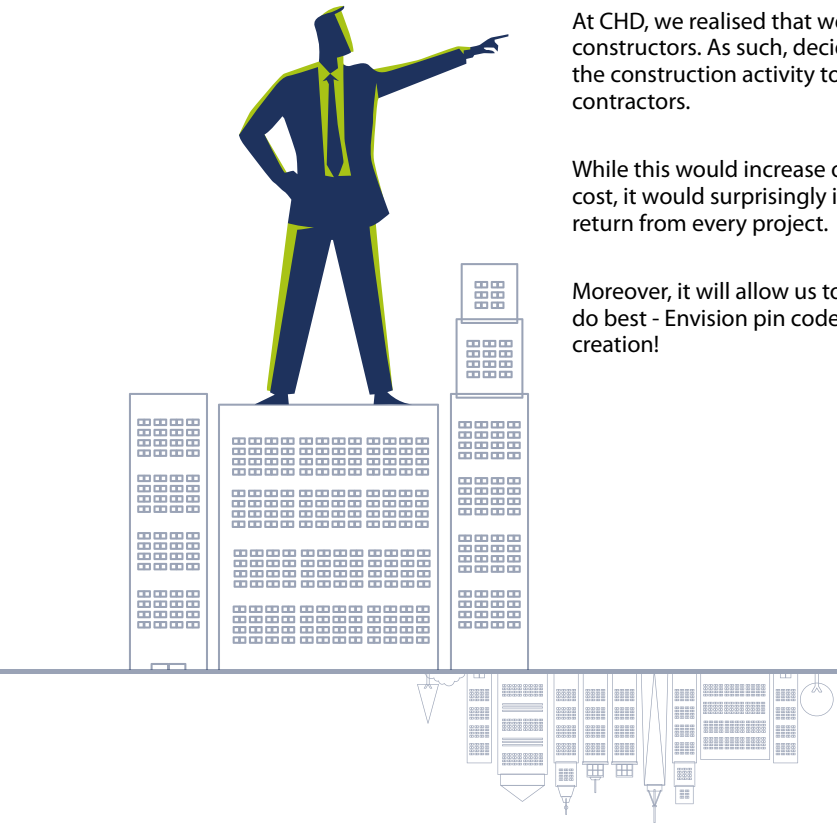
In the realty sector, construction is key to creation. For its transforms drawing board aspiration into enduring on-ground realities.

But construction is a significantly long and arduous activity. It goes on for years together. It mandates innumerable resources and multiple approvals. It comes with its unthinkable uncertainties and infinite challenges. It needs macro and micro management every single day. It demands considerable mindspace and manpower.

At CHD, we realised that we are creators not constructors. As such, decided to outsource the construction activity to experts – EPC contractors.

While this would increase our construction cost, it would surprisingly improve our return from every project.

Moreover, it will allow us to do what we do best - Envision pin code defining realty creation!



Change in our marketing model

In real estate, marketing is critical to survival. For it provides the fuel that keeps the sustainability engine running.

But marketing is not as easy as it sounds. For its not like selling a product over the counter. It's a very specialised activity. It requires understanding of people and their aspiration. Its entails providing respect to the customer needs and his budget. It requires immense patience and passion to convert foot falls into home buyers.

At CHD, we realised that we are aspiration builders not dream sellers. Aligning with this reality, we strategised to partner with realty marketing experts to match the product with the prospect.

This would entail a cut in our earnings, it also help in making the organisation more liquid.

But more importantly, it would provide the mindsapce and time to understand customer requirements better!



A real estate developer with a difference

We are not a land bank player. We are a Realty Manufacturer.

We are not present across locations. We are focused on few high-potential areas.

We have not adopted the Asset heavy model. We have streamlined for cash flow positive operation

We are not like every other real estate developer. We are CHD!

CHD Developers Limited, a real estate developer enjoys a proven track record of creating state-of-the-art residential townships, apartments, commercial complexes and restaurants that provide cost-effective and holistic solutions to its clients.

Under the leadership of Mr R.K. Mittal, Chairman, CHD responds to the growing need for quality housing and commercial space specifically in Delhi and the National Capital Region (NCR).

The Company has adopted the 'Asset Light' operating model and follows the concept of 'Realty Manufacturing' without accumulating any land bank.

CHD's product portfolio comprises of residential, commercial and retail properties. The Company's pincode-defining projects at Vrindavan, Karnal, Gurugram and New Delhi showcase its commitment to delivery value to its customers.



Headquartered at New Delhi

1990

Year of incorporation

Vision

To become the fastest growing profitable real-estate company while maintaining the highest standards of ethics.

Mission

Creating happy and healthy communities across the world by delivering beyond the customer's expectations.

Values

- Team work
- Social responsibility
- Customer centricity
- Transparency
- Innovation @ work

56.13 lac sft

Real estate development already delivered as on March 31, 2018 in last 8 years.

122 people

Team size

149.99

Revenue, 2017-18 (₹ crore)

74.49

Proportion of revenue from residential properties (%)

1.31

Net profit, 2017-18 (₹ crore)

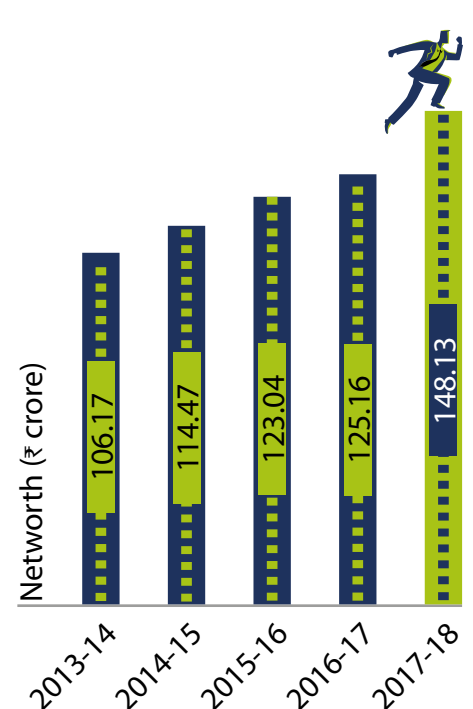
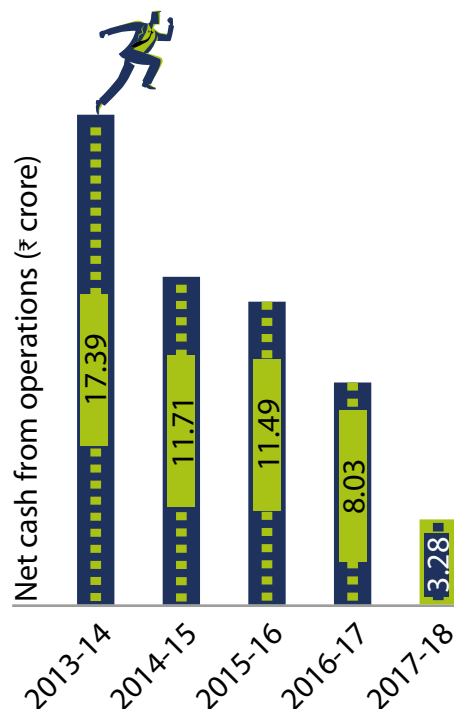
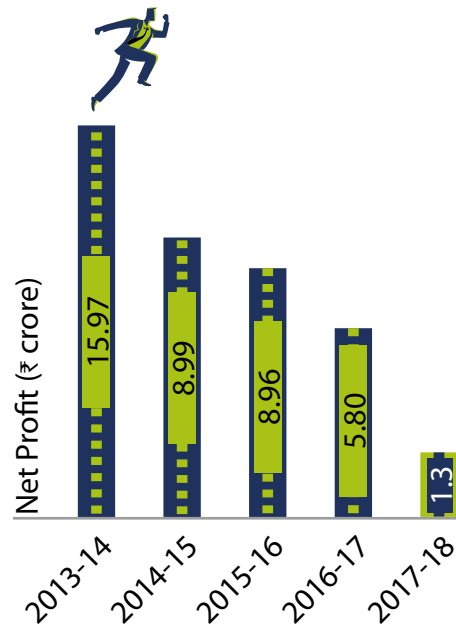
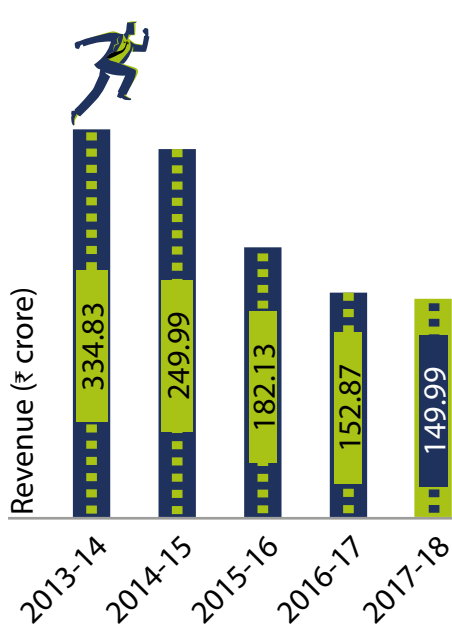
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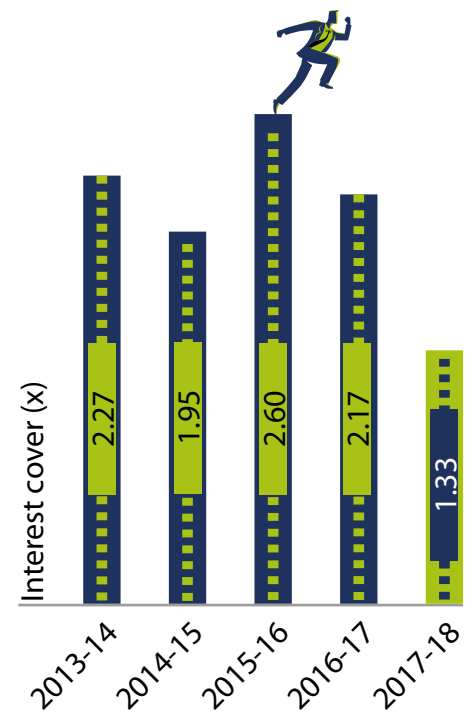
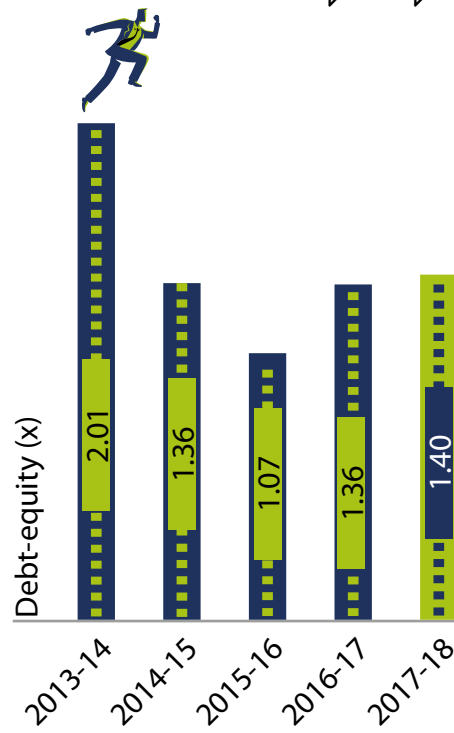
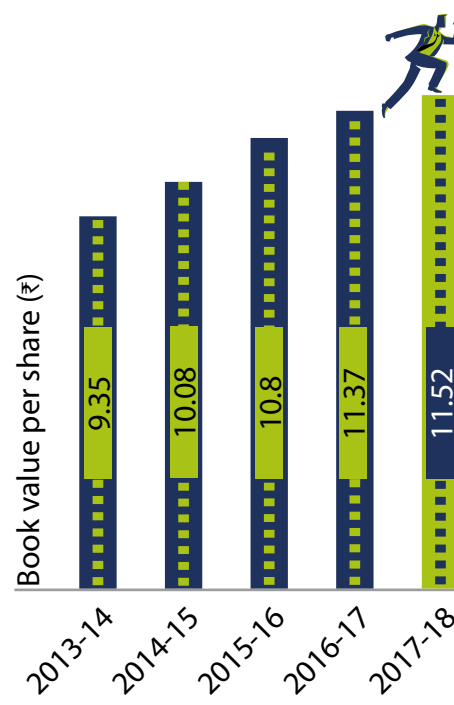
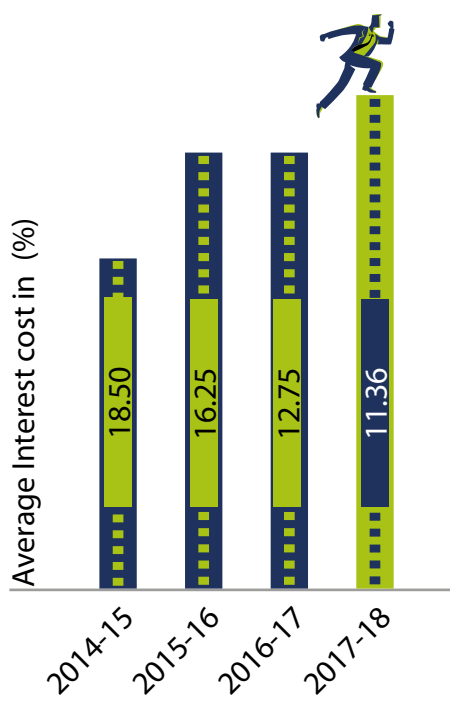
Networth, 2017-18 (₹ crore)

207

Market capitalisation, March 31, 2018 (₹ crore)

Performance over the years







Dear shareholders,

It gives me immense pleasure to ink this statement as your Company continued to battle the subdued external ecosystem. We registered stable topline numbers. And despite the significant headwinds we posted a positive bottomline.

You would wonder why CHD is being defensive when the economy is surging ahead. Why CHD appears satisfied with declining profitability when most business houses are reporting healthy business growth.

This is because even as the economy is back on the resurgence path with India moving up the ranking in the global village, the real estate sector continues to reel under the overhang of previous ills.

India's real estate market never fully recovered from the 2008 financial crisis. And since 2010, it has remained depressed with new launches falling by 78%.

The banning of two high-value currency notes in November 2016 came as a body blow as the sector is known to deal with a lot of cash. And before the developers could catch their breath, the government, in May 2017, introduced RERA, a policy that promises to make real estate transactions more transparent.

Finally, the Goods and Services Tax in July 2017 added to the woes owing to the uncertainties from the new regime. Developers could not pass on the higher tax burden amidst sliding demand. Not surprisingly, property prices tumbled in many cities.

Home purchases in the country fell to a seven-year low in 2017 despite sliding prices. New project launches fell 41% and sales of new homes fell 7% in 2017. There are still hundreds of thousands of unsold properties, which may take nearly two years to sell off. At the end of 2017, India's residential sector appears to have shrunk to a fraction of the size it was less than a decade ago – the hard truth!

And I honestly feel, to have stayed afloat despite these challenging times is a success in itself. I place this success squarely on the shoulders of my team whose unwavering focus and untiring efforts have made it possible to survive amidst a significantly depressed external environment.

