

From one storey to another

emami* infrastructure limited
Annual Report 2016-17





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Emami Infrastructure Limited is at an inflection point.

Where prominent property launches in the past are soon to be completed, translating into revenues on its books.

And where new projects are about to be launched in the coming months, creating attractive revenue visibility across the future.

Besides, the Company is attractively placed to capitalize on sectoral opportunities.

As a result, Emami Infrastructure's patient foundation-building commitment could soon translate into revenues and profits, strengthening business sustainability across the foreseeable future.



Emami Infrastructure Limited

Among the few listed pan-India real estate proxies to come out of Eastern India. And positioned to emerge as one of the fastest-growing realty development companies in India.



Vision

To be the most preferred and respectable property developer in India through innovations in construction, marketing and service standards.

Mission

- To create enhanced customer value through high-quality products and services.
- To develop high-performing people and teams through rewarding opportunities.
- To deliver maximum sustainable shareholder returns.
- To contribute to the economic, environmental and social development of communities.

Background

Emami Infrastructure is a prominent real estate development company headquartered in Kolkata. The Company was incorporated in 2008 to enable Emami Limited to demerge its real estate undertakings comprising Emami Realty Limited and subsidiaries coupled with the real estate undertaking of Zandu Pharmaceuticals Works Limited. In 2016, the wholly owned subsidiaries, Emami Realty Limited and Emami Rainbow Niketan Private Limited were amalgamated with Emami Infrastructure. In July 2017, Emami Infrastructure's Board approved the merger of Zandu Realty Limited with itself, subject to approval from regulatory bodies.

The Company's projects are marked by optimum quality, and geographic diversity.

Pedigree

Emami Infrastructure is a prominent corporate constituent of the prominent Emami Group, promoted by visionaries Shri R. S. Agarwal and Shri R. S. Goenka. The Emami Group comprises extensive business interests across the FMCG, cement, paper, edible oil, health care, retail and education sectors. The Group has been distinguished by its forward-looking entrepreneurship, robust financial strength of constituent companies, enduring brands, relatively de-risked businesses and rich managerial bandwidth.

Presence

Emami Infrastructure has already launched attractive realty projects across Mumbai, Kolkata, Chennai, Coimbatore, Hyderabad and will be soon launching projects in Bhubaneswar, Jhansi and Indore. This makes the Company a faithful proxy of an emerging India. The Company is engaged in the development of 36 million sq. ft comprising residential, commercial and retail offerings. For the purpose of operational control, ownership and transparency, these projects are either being executed directly or through Special Purpose Vehicles.

Listing

Emami Infrastructure's shares are listed on BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited.

Awards and accolades

- Emami City received "Prashansa Patra – 2015" from National Safety Council of India for developing and implementing effective Management Systems & Procedures and achieving good performance in Occupational Safety & Health during the year 2014
- Realty Plus Conclave & Excellence Awards (EASP) 2017 in the "Mid Segment Project of the Year" category for Emami City

Highlights, 2016-17

Operational

Engaged in the execution of four projects across

**5.23
mn sq ft**
at year end

New projects launched:

**1.89
mn sq ft**
in two residential segment

58.06

Promoters' holding,
March 31, 2017 (%)

204.83

Market capitalization,
March 31, 2017
(₹ crore)

Financial

Consolidated total revenues

34,465.35*
(₹ lakhs)

Consolidated EBITDA

17,729.89
(₹ lakhs)

Consolidated PAT

1,343.23
(₹ lakhs)

* including increase in inventory



Promoters' overview

“Emami Infrastructure is positioned at the cusp of exciting times that should enhance shareholder value across the foreseeable future.”

Shri RS Agarwal and Shri RS Goenka, Promoters of Emami Infrastructure, explain the Company's direction

At Emami Infrastructure, we stand at an exciting sectoral and corporate inflection opportunity.

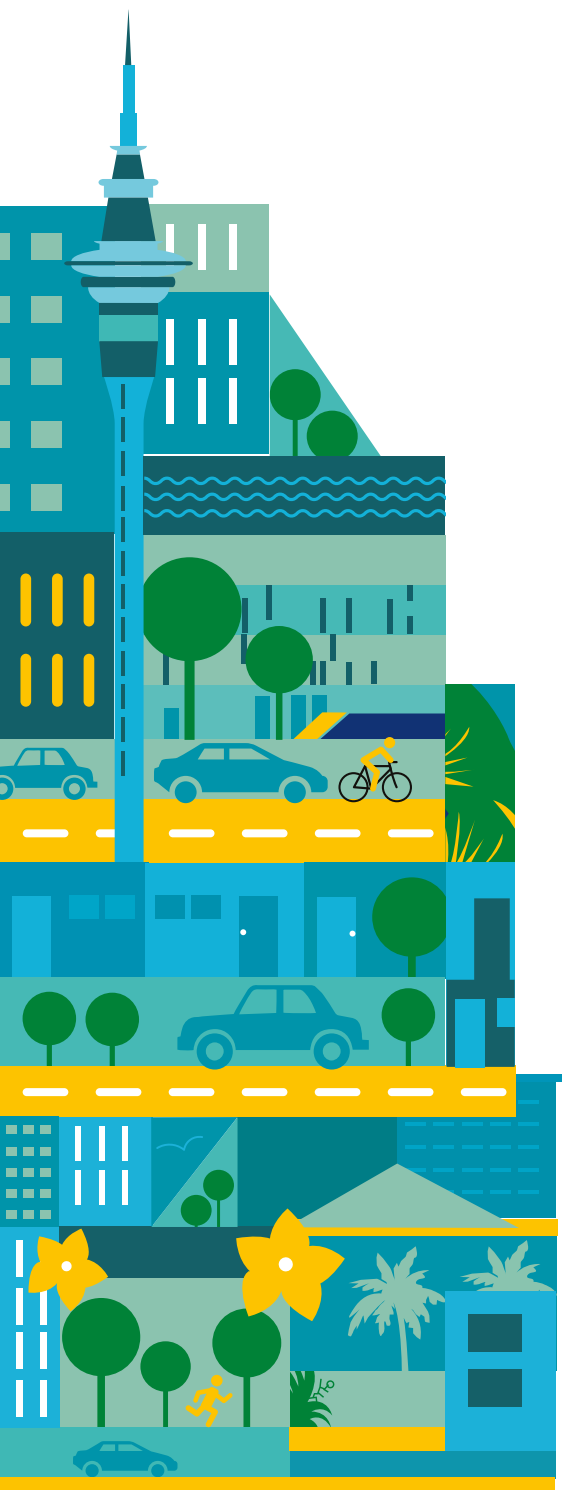
We are pleased to state that Emami Infrastructure Ltd. has made its business compliance-ready across the last few years in a number of ways.

The Company corporatised with speed during the decade ending FY17; Emami Infrastructure is one of the most credible realty development faces in Eastern India, among the handful listed purely realty proxy to come out of the region and poised to emerge as one of the fastest growing realty development companies in India across the foreseeable future.

The Company has invested in systems, processes, information technology, compliances and professionals with the objective to build a professional customer-focus company from the outset.

The Company is right-sizing its Balance Sheet through the ongoing Zandu Realty merger that will come into effect following the approval of all regulatory bodies (with retrospective effect from 1 April 2017), enhancing the Company's network to ₹16,343 lakhs (from ₹2,609 lakhs as on 31st March 2017).

The Company launched 6.39 mn sq ft of pan-India realty projects in the five years ending FY17; over the





next three years, we expect to launch 20.67 mn sq ft, creating a foundation of sustainable growth.

Outlook for 2017-18

We are optimistic as an upswing in the sector and our performance should accelerate from 2017-18 onwards.

From a larger perspective, the much-feared meltdown in real estate prices following the demonetization did not transpire in the third and fourth quarters of the year under review, indicating an underlying resilience. Besides, the Indian real estate sector has passed through an extended slowdown marked by sluggish

offtake on the one hand and the inability to pass cost increases on the other, which indicates that the slowdown could well be nearing its end.

Looking ahead, it is evident that the structural shift in real estate offerings from the unorganized to the organized sector will regulate sectoral growth, moderate the existing unsold inventory and facilitate the return of pricing power to the industry.

Emami Infrastructure is poised to capitalize on this sectoral churn. The first phase of the Company's landmark Emami City project is expected to be completed by March 2018, and the

second phase by June 2018, making it possible for the Company to record substantial revenue growth over the next few years.

We intend to also launch five projects with a pipeline of 12.56 mn sq feet during the current financial year, which should translate into revenue visibility over at least next five years or so.

In view of these realities, we hope that our shareholders can look forward to a better and brighter future.

RS Agarwal

RS Goenka

Operational review by the management

Q: How would you describe the year under progress for your company?

A: The year under review was one of consolidation at Emami Infrastructure where the strength of our fundamentals was not reflected in our financials. The year under review may be considered strategically important partly because some of the work in progress will only reflect in the financials starting 2017-18.

For instance, during the year under review, Emami Infrastructure reported three achievements: one, the Company re-structured its Balance Sheet to create sizable net worth that will serve as a robust foundation for our prospective growth. The Company launched Emami Aerocity and Montana while readying for the launch of Emami Nature during FY18. The Company accelerated the construction of its flagship project (Emami City) with the objective of completing handover in FY18. We believe that each of these initiatives will translate into positive financials numbers FY18 onwards.

Q: How would you appraise the prevailing reality for the country's realty sector?

A: A realty sector slowdown currently in progress is manifested in a resistance to premium apartment purchases; the mid-priced and affordable segments, however, continue to appear attractive in select cities and pockets across the country.

At Emami Infrastructure, we responded to this reality: we continued to invest in a mix of growing Tier 1 and Tier 2 Indian locations; within these cities, we invested in locations positioned at the cusp of change arising out of infrastructure growth and extension that would enhance the access and convenience of the locations in which we built properties.



Q: You indicated that the Company has strengthened its Balance Sheet. Can you elaborate?

A: Let us start with the net worth side of the Balance Sheet. The Company engaged in two mergers – the merger of Zandu Realty which is expected to enhance net worth to ₹16,343 lakhs and the merger of Emami Realty (in the shortest tenure of just five months completed in July 2016), which aggregated our Group's realty interests in our listed company, sending a clear signal to investors.

Now let me come to the debt side of the Balance Sheet. The Company mobilized debt of ₹600 cr at a very reasonable interest rate with a three-year tenure. The Company also re-priced some of the existing debts down by almost 2.5%, the complete impact of which should be visible from FY18 onwards. We believe that we now have a Balance Sheet that corresponds to our corporate ambition of emerging as one of the fastest growing realty companies in India.

Q: Where does the Company go from here across the medium-term?

A: Now that the Company's financial foundation has been secured, it is in a position to seek clearances and launch a larger number of projects conveniently and comfortably. Considering the present situation, we expect a much healthy and brighter future.

The strengths and their implications

Key Emami Infra strengths	Implications
Strong brand of Emami	Faster offtake. Five projects launched in the last five years
Respected conglomerate	Access to debt about 300 bps cheaper than the prevailing market average
ERP-enabled	Real-time information availability; automation of back-end processes
Proposed merger	The merger with Zandu Realty is expected to increase the net worth to ₹16,343 lakhs, right-sizing the Balance Sheet



How we conduct business at Emami Infra

The promoters had entered the realty development business at a time when the sector in India was largely unorganized. The Company was created with the vision to inspire stakeholders trust through credible action.

A couple of decades ago, real estate development companies generally delivered projects well beyond their scheduled completion dates and delivered properties with significant deviations from what had been promised. The terms of trade would largely be skewed in the seller's favour.

From inception, Emami Infrastructure, however, conducted its business in a manner that enhanced trust among...

Prospective customers for quality, timely and promised delivery

Lenders for strategic clarity and financial strength

Stakeholders for extensive compliances

Vendors and collaborators for fair and equitable business terms

Shareholders for business sustainability

The result is that the Company and its promoters enjoy immense respect in the various segments of its presence.

Across the foreseeable future, the Company expects to strengthen its brand, grow volumes, protect margins, increase surpluses, share business upside with stakeholders and redeploy the rest with the objective to create a larger virtuous cycle that enhances value for all those own shares in the Company.

