



130
YEARS OF LEGACY

The background of the cover is a complex architectural illustration. It features wireframe drawings of various building structures, including a prominent tall, curved skyscraper on the right. Overlaid on these are several translucent geometric shapes in shades of blue and gold, creating a sense of depth and modern design.


**ANNUAL
REPORT
2017-18**

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Forward looking statement

This document contains statements about expected future events and financial and operating results of Poddar Housing and Development Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Poddar Housing and Development Limited Annual Report 2017-18.



Poddar Housing and Development Limited's growth was muted across the last couple of years.

This slowdown was the result of a sluggishness in the country's real estate sector, delay in getting approvals for new project launches and the Company's conscious decision to delay launches and let the GST and RERA-induced uncertainty to pass.

The wait is over.

The Company launched two projects in 2017-18 and expects to launch a handful of projects in FY2018-19. These projects are expected to create multi-year revenue and profit visibility, strengthening our reinvestment and business sustainability.

Six facets that set Poddar Housing apart

Over the past six years, the Company has established its presence in the realm of affordable and value-for-money real estate housing in and around Mumbai.

01

Experience

The Company is headed by Dipak Kumar Poddar, a first-generation entrepreneur with over four decades of experience. He is ably supported by the second generation of promoters represented by Rohitashwa Poddar

02

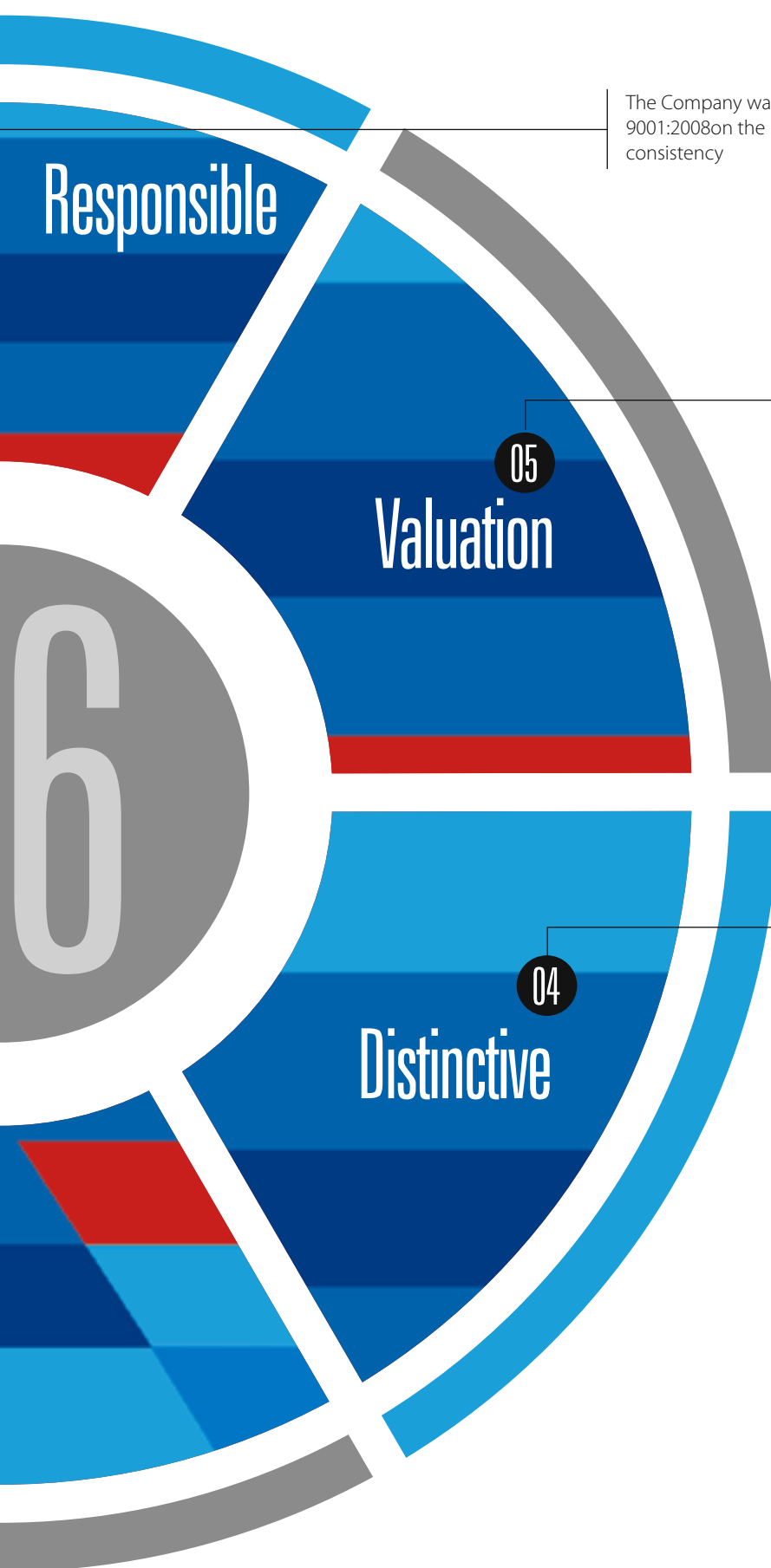
Pedigree

The Company enjoys a visible presence across value-for-money segments addressing the need of a home for thousands.

03

Pervasive

06



Responsible

The Company was certified for ISO 9001:2008 on the basis of its process consistency

Valuation

05

- The Company's equity shares (nominal value of ₹10) are listed on the NSE and the BSE
- The Company received listing approval for its equity shares from the NSE on 10th April 2017
- The Company's market capitalisation on BSE was ₹583.92 crore as on 31st March 2018, compared with ₹597.31 crore as on 31st March 2017

Distinctive

04

The Company was positioned around the tag line of 'Homes for Life'. The Company's key strength lies in its ability to address aspirations of the end-users residing in the Mumbai hinterland.

Poddar Housing's core values

Vision

01

To be the nation's largest affordable housing development company and being the most trusted brand in the industry. We shall deliver superior value to all stakeholders through extraordinary and imaginative spaces created out of a deep customer focus and insight

Mission

02

To enhance the quality of life of our customers, by providing, high quality, holistic spaces, through a relentless focus on execution and innovation, at affordable prices.

Quality

05

We strive for professional excellence of the highest standards possible, consistent with the goals of our project

Entrepreneurial

06

We encourage agility in thought and action, creativity, flexibility, and an innovative approach to our work.

Leadership

10

We lead by example. Our actions speak louder than words.

Accountability and environment

09

We are responsible for our actions and understand their impact on others, including the environment and our footprint.

Communication

03

We share appropriate information in an honest and open manner.

Customer satisfaction

04

We strive to exceed the expectations of our customers (internally and externally) by anticipating, understanding and responding appropriately to their needs

Attitude

07

We are positive, enthusiastic and possess a vibrant spirit.

Team work

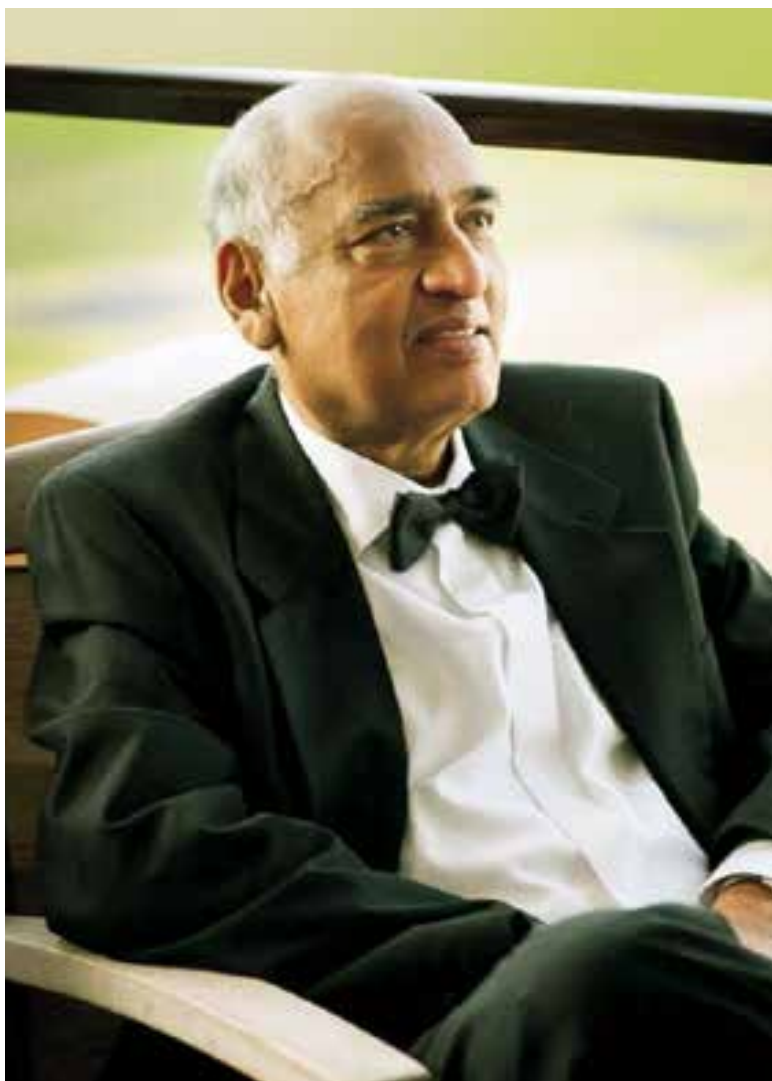
08

We encourage and reward teamwork

Professional development and personal skills

11

We advance our talents and skills to their fullest potential (as individuals, as professionals and as managers of others)



Poddar Housing stands at the cusp of an inflection point

I am pleased to present the prospects of your Company with the over-riding message that we stand at the cusp of an inflection point.

During the last few years, Mumbai's residential realty market passed through a challenging transition. A market that addressed actual users and speculative interests has seen prices and offtake decline. Even as Mumbai by itself will see a sustained growth in the demand for homes on account of a growing local economy, we believe that the prevailing residential oversupply in the luxury space will take time to correct. Only when this oversupply has been progressively liquidated can one expect stability in prices and offtake.

At Poddar Housing, we made a decisive extension in our business strategy by extending from distant Mumbai suburbs and hinterland to the city proper during the last financial year. The Company launched its first residential project in Mumbai with a 100,000 sq ft offering in Chembur even as it continued to launch residential offerings in its longstanding Badlapur location.

Enhancing long-term shareholder value

A shareholder would be inclined to question the rationale of our management selecting to launch two projects (Badlapur and Chembur) in the last financial year.

I must assure stakeholders that the decision was taken with the objective to enhance long-term shareholder value. The two offerings have helped the Company address different customer groups, helping broad-base its risk. The Badlapur project, where we enjoy an existing presence, addresses a specific target segment of actual users. Given the fact that we have enjoyed an excess of buyers over available supply – our previous offerings were largely sold – we believe that our new offering addresses a ready and existing market.

The Company's decision to enter Mumbai needs to be explained. We believe that even as the Mumbai market in general remains weak, there will always be attractive localised opportunities. Over the last few years, Chembur has emerged as one such local opportunity. What was once dismissed as a distant Mumbai suburb is now being perceived as integral to India's financial capital. This transformation has been the result of a 23.55 km expressway connecting Chembur to South Mumbai, which has shrunk commuting time from an hour to around fifteen minutes. The result is that a number of people are seeking homes in Chembur, making this Mumbai pocket one of the fastest growing in the last few years.

Reinventing our brand

One of the things that the Company has embarked upon is the reinvention of its brand: from a company exclusively focused on the lower middle-income segment to a value-added segment as well (without vacating its longstanding presence). We believe that this transition will enhance our visibility among listed players with a growing presence in Mumbai's real estate sector.

Two, the Company is graduating from an established competence in building ground plus four-storey structures (G plus 4) to ground plus 20 structures, which

warrants increased competence. Besides, this transition has warranted an increase in team size: from 127 at the close of 2016-17 to 140 at the close of 2017-18, accompanied by senior level recruitments.

Three, the Company invested in ERP with the objective to strengthen cost analysis-cum-management that makes it possible to take more informed decisions and to address business growth.

Four, we believe that the need of the hour in Mumbai is to create homes that are within a customer's spending capacity. Conventionally, builders invested in facilities and home configurations and then priced the end product (home), resulting in expensive homes. In today's environment, the need is to work backwards: price the home around a level where it will be affordable for the largest consumer segment and then work backwards towards apartment configuration that moderates costs on the one hand and protects our overall profitability on the other. We believe that adapting to the core needs of customer, we will create homes that sell faster, kick-starting a virtuous cycle of revenues, cash flows and profitability.

Policy implementation

The implementation of MAHARERA and GST during the last financial year hold out attractive prospects for the sector.

For decades, the country's residential real estate sector was largely unorganised with virtually no governance framework. The result was that promoters could launch

projects without relevant municipal approvals; the purchase consideration would be allocated for other properties; property design would often be changed following sale and there would be no penal liability for delays in handover.


During the last couple of decades, the sector began to graduate towards formal and organised structures, marked by branding, process integrity, better design, timely delivery and ethical practices.

RERA implementation has transformed sectoral realities through the creation of a formal organised sector. Through timely changes in land acquisition, offering, design, sale and post-sale, the government (through RERA) strengthened compliances and enhanced sectoral credibility. The creation of a level playing field could induce the exit of small players from the business. The slowdown in apartment creation (as a result of higher regulatory compliances) could help prices stabilise faster. There is a possibility of weaker players (who own land) partnering larger players, a win-win proposition.

Robust business model

At Poddar Housing, we are attractively placed to drive growth from this point onwards. We possess a large land bank of 83.8 acres, moderate debt, accelerating launches, attractive customer traction and regular inflows that should graduate the Company from one level to another.

Dipak Poddar, Chairman



The Company invested in ERP with the objective to strengthen cost analysis cum management that makes it possible to take more informed decisions and to address business growth.

Q: Were you pleased with the working of the Company during the year under review?

The year under review must be analysed across two perspectives. The first perspective is the performance reported by the Company: 22.30 per cent decline in revenues and a net loss of ₹4.45 cr. From this angle, the performance of the Company was disappointing during the year under review. The second perspective is the business-building initiatives that we undertook in 2017-18, the full impact of which will translate into numbers across the future. I believe that from this perspective, the Company's performance was creditable and will help restore growth across the years.

Q: What initiatives resulted in the Company reporting a credible year?

After a long period of time, the Company launched property development projects once again. The gap was on account of various reasons: the demonetisation created a dearth of resources and affected buyer sentiment; the RERA imposition that followed created a watch-and-watch approach within your Company. It was only during the larger part of the last financial year that most of these apprehensions over that the Company found the environment conducive to reinvest and create a foundation for the next round of growth.

Q: What initiatives helped the Company create a foundation for the next round of growth?

One, as I have already explained, the Company returned to launch mode, launching around an aggregate 8 lac sq ft of residential properties. Two, the Company made a decisive extension in its longstanding strategy of building in Mumbai's suburbs by extending into Mumbai city for the first time. Three, the Company's erstwhile focus extended from affordable homes for the lower middle-income customer to affordable homes for the upper middle-class in Mumbai city. Through these initiatives, we believe that the year under review represented a decisive extension of our corporate personality.

Q: Shareholders would be keen to know the success of these launches?

I am pleased to report that the launches proved timely: we succeeded in selling 80 per cent of our Badlapur offering, which means that the focus can now shift from marketing to construction. In Chembur, we successfully marketed 25 per cent of our offering, which represents a critical mass of sales and cash flows to expedite construction.

Q: How does the Company intend to take the business ahead during the current financial year?

The Company has charted out an aggressive plan to accelerate project launches during the current financial year: we intend to more than six-fold the aggregate size of launches to around 5 mn during the current financial year and successive years. While Badlapur will continue to account for the major proportion of the proposed launches, we will continue to raise our Mumbai city exposure with a second project at Kandivali.



“Poddar Housing charted an aggressive plan to accelerate project launches: we intend to more than six-fold the aggregate size of launches to around 5 mn sq ft in the next few years”.

Rohitashwa Poddar, Managing Director, analyses the Company's 2017-18 performance