

ANNUAL REPORT 2018-19

PATEL ENGINEERING LTD.



www.pateleng.com

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Rupen Patel, Chairman & Managing Director
 Mr. Khizer Ahmed, Independent Director
 Mr. Srinivasa Jambunathan, Independent Director
 Ms. Geetha Sitaraman, Independent Director
 Mr. Chittaranjan Kumar Singh, Whole time Director - Operations
 Ms. Kavita Shirvaikar, Whole time Director & CFO
 Mr. Sunil Sapre, Whole time Director
 Dr. Barendra Kumar Bhoi, Independent Director

REGISTERED OFFICE

Patel Estate Road, Jogeshwari (West),
 Mumbai - 400 102.
 Tel: +91 22 267 67500
 Fax: +91 22 2678 2455
 Email Id: investors@pateleng.com
 Website: www.pateleng.com

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt Limited
 C-101, 247 Park,
 L. B. S. Marg, Vikhroli (West),
 Mumbai - 400 083.
 Tel No: +91 22 49186000 Fax: +91 22 49186060
 E-mail id: rent.helpdesk@linkintime.co.in
 Website: www.linkintime.co.in

COMPANY SECRETARY

Ms. Shobha Shetty

AUDITORS

T. P. Ostwal & Associates LLP

Chartered Accountants
 Suite#1306-1307, 13th floor, Lodha Supremus,
 Senapati Bapat Marg, Lower Parel,
 Mumbai - 400013.
 Tel No. : +91 22 4945 4000
 E-mail id: itax@tpostwal.in
 Website: www.tpostwal.in

CONSORTIUM LENDERS

ICICI Bank Ltd
 Bank of India
 Dena Bank
 Canara Bank
 Bank of Baroda
 Industrial Development Bank of India Ltd
 Union Bank of India
 Corporation Bank
 State Bank of India
 Axis Bank Ltd
 Standard Chartered Bank
 Bank of Maharashtra
 DBS Bank Ltd
 Societe Generale
 RBL Bank Ltd
 IndusInd Bank Ltd
 SREI Equipment Finance Ltd

DEBENTURE TRUSTEES

IDBI Trusteeship Services Limited

Asian Building, Ground Floor,
 17, R. Kamani Marg, Ballard Estate,
 Mumbai - 400 001.
 Tel: +91-22-4080 7000
 Email: itsl@idbitrustee.com
 Website: www.idbitrustee.com

Catalyst Trusteeship Limited

Office No. 604, 6th floor,
 Windsor, C.S.T. Road,
 Kalina, Santacruz (East),
 Mumbai 400098
 Tel: +91-22-49220543
 Email: umesh.salvi@ctltrustee.com
 Website: www.catalysttrustee.com



Message from the Managing Director

Dear Shareholders,

We, in the infrastructure industry, feel happy to have a stable and continuing government at the centre. Uncertainties prevailing in the economy in the last year or so before the general elections are left behind. We look forward to a resurgent India with inclusive growth and prosperity for all. There would be policy continuity at the centre on a long-term basis towards all sectors, especially infrastructure and construction sector. The real GDP growth is estimated to be lower at 6.8% in 2018-19 compared to 7.2% in the previous year, mainly due to election-related uncertainties, tight credit conditions, volatile crude oil prices and unpredictable currency fluctuations. Further, debacle of a few large NBFCs in India has also constrained the economy to grow at the expected rate. Infrastructure and construction sector was worst affected. Growth was also adversely affected due to global headwinds such as Brexit, intensification of trade war between the US and China, geo-political risks arising out of economic sanctions against a few countries etc.

The credit conditions of the economy are looking up, following early signs of improvement in the non-performing assets (NPAs) of the commercial banks. According to the latest RBI circular on resolution of stressed assets, banks have been given freedom to resolve repayment problem of each company in the best possible manner, instead of sticking to single set of guidelines issued earlier. India now stands at 77th position in the World Bank's Ease of Doing Business Index. With various measures being introduced by the government, the said position is poised to improve further. Infrastructure growth continues to remain the key focus area of the

government. After the success of Make-in-India and Swachh Bharat Abhiyaan, the Government has planned several other schemes such as rural electrification, affordable housing, piped water supply to all households to push overall growth of the country in general and rural landscape in particular. These initiatives in the infrastructure sector will give the required boost to the economy to grow at a faster rate going forward. India has been the fastest-growing major economy in the world during recent years, lifting millions of Indians out of poverty. The authorities have initiated important structural reforms to spur India's growth and to improve living standards for all. The major reforms initiatives such as inflation-targeting monetary policy framework, the Insolvency and Bankruptcy Code (IBC), the Goods and Services Tax (GST), and Real Estate (Regulation and Development) Act (RERA), taken earlier, shall continue. In addition, the Union budget 2019-20 has proposed several new initiatives such as further opening up of the economy, digital push, empowerment of the Micro, Small, and Medium Enterprises (MSMEs), and capital market reforms to improve the investment climate.

Your company will also gain from various upcoming projects. As you are aware, your company is one of the few success stories where debt restructuring schemes have been successfully implemented. The company has shown stability and resilience post such event by outperforming other players in the industry on both financial and business fronts. Since implementation of S4A, your company has already received fresh orders of more than ₹ 4,000 crore. The order book of the company as on March 31, 2019 is ₹ 10,215 crore which gives us a strong revenue visibility over the next few years. Non-fund based limits are available for upcoming project requirements, which will ensure smooth execution of new projects in a timely manner with needed support from lenders. Company has been bidding wisely & selectively and expects at least 50-60% growth in order book in coming financial year with diversification in its project portfolios, which have smaller gestation periods and quicker turnarounds. Hence, from here onwards, your company will see massive growth acceleration while surpassing challenging situations that are common in the life of the company.

The financial year 2018-19 (henceforth FY 19) has been very stable, following focused decisions taken continuously by the management for retirement of debt, which, inter alia, include the following:

- a) Monetization of non-core land assets; and
- b) Receipt of funds under Niti Aayog Guidelines against Arbitration Awards for one of the projects executed by the company.

The performance of the FY 19 is as follows:

On a consolidated basis,

- Revenue from operations increased by 3.9% to ₹ 2,362.20 crore in FY 19 from ₹ 2,274.55 crore in FY 18, reflecting stable performance that the company has achieved post implementation of major restructuring exercise in FY 2018.
- Net Profit has increased from ₹ 95.91 crore in FY 18 to ₹ 148.73 crore in FY19.

On a standalone basis,

- Revenue from operations increased from ₹ 2,038.90 crore in FY18 to ₹ 2,069.89 crore in FY 19.
- Net profit for the FY19 increased by 46% to ₹ 83.03 crore, as compared to ₹ 56.88 crore in the previous year.

The cost of finance for FY 19 was lower by 39.86% over the previous year as total debt of the company, on a standalone basis, declined drastically from ₹ 4,474 crore in FY 17 to ₹ 2,403 crore in FY 18 and further to ₹ 2,215 crore in FY 19.

The company shall continue to focus on monetization of non-core assets to reduce debt and further increase liquidity for the company. Our strategy for the next few years would be to concentrate on adding selected projects that are self-sustainable and get steady growth. The hassles faced by the economy in FY 19 may spill over to FY 20. However, the economic and business environment is expected to improve in second half of FY 20, as soon as the government settles down and the prospect of infrastructure industry brightens. Further, monetary and other public policy decisions may have a positive impact on the infrastructure industry.

The Company has already started witnessing growth, wherein the order books have increased significantly. Your company has come out as a winner under all odds. You will be glad to know that Lower Solu Hydro Project, executed by the company in Nepal, was awarded the Hydro Project of the Year 2019 on top of an award for Tuirial Project in Mizoram received in the previous year. With the urge to grow and stand out strong, I, as Chairman and Managing Director of your company, am confident that the positives are at the door step.

Thank you all shareholders for your much needed support and co-operation.

Yours truly,



Rupen Patel

Chairman & Managing Director

COMPARATIVE CONSOLIDATED FINANCIALS

(₹ in million)

	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
A. FINANCIAL POSITION										
Share Capital	164.24	156.99	156.99	76.81	76.81	76.81	69.83	69.83	69.83	69.83
Reserves & Surplus	22,602.88	21,441.05	21,231.46	17,049.00	18,850.22	17,851.55	16,205.76	15,497.55	14,739.93	13,557.69
Shareholders Funds	22,767.12	21,598.04	21,388.45	17,125.81	18,927.03	17,928.36	16,275.59	15,567.38	14,809.76	13,627.52
Minority Interest	565.93	557.45	696.19	1,457.36	1,247.37	1,293.29	988.98	834.06	704.27	615.24
Deferred Tax Liability (Net)	-	-	-	-	139.76	171.54	113.32	216.03	131.95	114.88
Loan Funds	26,980.07	29,202.35	50,970.06	54,154.92	51,633.58	44,780.38	34,754.22	28,379.91	24,744.88	18,300.18
Total Funds Employed	50,313.12	51,357.84	73,054.69	72,738.09	71,947.74	64,173.57	52,132.11	44,997.38	40,390.86	32,657.82
Fixed Assets (Net)	16,412.38	13,484.16	14,977.11	14,587.57	16,402.35	14,606.70	12,509.61	10,532.09	8,530.20	7,591.16
Investments	1,314.43	1,411.33	1,381.92	1,643.69	1,817.81	1,338.98	1,131.07	985.88	780.35	698.17
Deferred Tax Assets (Net)	1,638.67	1,166.05	937.98	301.48	-	-	-	-	-	-
Net Current Assets & Non Current Assets	30,947.64	35,296.30	55,757.68	56,205.34	53,727.58	48,227.89	38,491.43	33,679.41	30,997.87	24,301.52
Miscellaneous Expenditure (To the extent not written off or adjusted)	-	-	-	-	-	-	-	-	82.44	66.97
Total Application of Funds	50,313.12	51,357.84	73,054.69	72,738.09	71,947.74	64,173.57	52,132.11	44,997.38	40,390.86	32,657.82
B. OPERATING RESULTS										
Income from Operations	23,622.05	22,745.49	38,838.37	40,408.66	34,153.87	37,011.31	41,148.74	35,920.91	34,759.09	31,909.33
Other Income	1,751.00	2,425.95	2,541.16	1,528.39	1,159.22	1,067.37	817.47	910.92	229.75	630.12
Total Income	25,373.05	25,171.43	41,379.52	41,937.05	35,313.09	38,078.68	41,966.21	36,831.83	34,988.84	32,539.45
Total Expenditure	24,278.17	22,874.54	41,200.70	42,809.05	35,149.52	37,541.04	40,707.37	35,532.45	33,141.67	29,489.55
Profit before Tax	1,986.40	935.20	-710.96	-2164.10	316.88	459.97	1,258.84	1,299.38	1,847.17	3,049.90
Profit after Tax	1,544.39	1,025.83	-1,035.81	-1,970.29	96.73	247.18	742.30	701.87	1,307.26	2,120.57
Minority Interest and other adjustments	57.14	66.77	-441.81	-84.77	12.04	83.49	92.27	35.99	81.21	138.96
Net Profit	1,487.25	959.07	-593.99	-1,885.52	84.69	163.69	650.03	665.88	1,226.05	1,981.61
C. EQUITY SHARE DATA										
Earning per share (₹)	9.71	6.67	-9.83	-24.30	1.10	2.15	9.31	9.54	17.56	30.96
Number of Shares	164,248,506	156,994,691	156,994,691	76,806,282	76,806,282	76,244,325	69,827,151	69,827,151	69,827,151	69,827,151
Dividend %	-	-	-	-	-	-	-	30%	100%	200%

Board's Report

To the Members of Patel Engineering Limited,

The Directors hereby present the 70th Annual Report on the business, operations and state of affairs of the Company together with the audited financial statements for the year ended March 31, 2019:

FINANCIAL HIGHLIGHTS

Standalone and Consolidated Financial Performance

(₹ in millions)

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Total Revenue	25,373.05	25,171.44	23,560.96	24,202.50
Total Expenses	20,073.55	17,437.59	17,928.53	15,829.80
EBITDA	5,299.50	7,733.85	5,632.43	8,372.70
Depreciation	501.95	542.73	409.25	444.70
Finance Cost	3702.67	4,894.23	3225.23	5,362.40
Exceptional Item [#]	(891.52)	1,361.70	844.34	2,043.00
Profit before tax	1986.40	935.20	1153.61	522.60
Tax expenses	444.94	(112.69)	324.87	(68.20)
Net Profit after tax	1541.46	1,047.89	828.74	590.80
Other Comprehensive Income (Net)	2.93	(22.06)	1.52	(22.06)
Total comprehensive income for the year attributable to:	1544.39	1,025.83	830.26	568.74
Minority Interest	57.14	66.77	-	-
Owners of the Parent	1487.25	959.06	-	-
Add: Opening Balance in Profit & Loss A/c	5,508.85	4604.22	6712.06	6,282.01
Appropriations / adjustments ^{##}	(461.08)	(54.43)	(67.66)	(138.70)
Surplus carried to the Balance sheet	6,683.17	5,508.85	7,474.66	6,712.06
Earnings per equity shares ₹ (face value ₹ 1 each)				
- Basic	9.71	6.67	5.22	3.76
- Diluted	4.87	5.28	2.97	3.44

[#] Refer Note No. 31 of Financial Statements

^{##} Refer to note (B) Other Equity under Statement of changes in Equity of Financial Statements

Consolidated:

The Consolidated total income stood at ₹ 25,373.05 million as against ₹ 25,171.44 million for the previous year. The EBITDA was at ₹ 5,299.50 million as against ₹ 7,733.85 million for the previous year. The total comprehensive income is at ₹ 1,544.39 million as against ₹ 1,025.83 million for the previous year.

Standalone:

On Standalone basis, the total income stood at ₹ 23,560.96 million as against ₹ 24,202.50 million for the previous year. The EBITDA was at ₹ 5,632.43 million as against ₹ 8,372.70 million for the previous year. The total comprehensive income is at ₹ 830.26 million as against ₹ 568.74 million for the previous year.

Dividend

To conserve funds, the Directors have not recommended payment of dividend for the financial year 2018-19.

Share Capital

During the year under review, 72,53,815 Equity Shares of face value ₹ 1 each were allotted to Patel Engineering Employee Welfare Trust. Consequently, as at March 31, 2019, the total paid up share capital of the Company stood at ₹ 164.25 million divided into 16,42,48,506 Equity Shares of ₹ 1 each.

Finance

In total, the Company from time to time has raised money through borrowings (long and short terms, NCDs, OCDs and unsecured loans) and the total amount outstanding on standalone basis as on March 31, 2019 is ₹ 22,152.70 million.

Optionally Convertible Debentures (OCDs)

During the year under review, pursuant to implementation of the Debt Resolution Plan under the S4A Scheme as mandated by the Overseeing Committee of RBI with majority of lenders approving and converting PART B (unsustainable) debt into Optionally Convertible Debentures in terms of the Scheme, 7,52,200 OCDs in aggregate were allotted on December 31, 2018 converting ₹ 405 million NCDs and interest thereon. ₹ 734.9 million OCDs were redeemed during the year under review.

The outstanding OCDs as on March 31, 2019 stands at ₹ 6,067 million.

Information on state of affairs of the Company

Information on the operational and financial performance, among others, is given in the Management Discussion and Analysis Report which is forming part of the Annual Report and is in accordance with the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Subsidiaries & Associates

As on March 31, 2019, the Company has 72 subsidiaries including step down subsidiaries.

ASI Australia Constructors Inc and HCP Constructors Inc ceased to be the subsidiaries of ASI Constructors Inc w.e.f June 20, 2018 and April 5, 2017 respectively on account of dissolution of these Companies.

Terra Land Developers Limited ceased to be an associate Company w.e.f December 27, 2018 on account of disinvestment.

Highlights of performance of key subsidiaries/Associates

Michigan Engineers Private Limited having presence in urban infrastructure Projects, has an order book totaling to ₹ 6,810.19 million. Majority of the orders are in the segment of Micro tunneling in Mumbai.

Raichur Sholapur Transmission Company Private Limited (RSTCPL) commissioned 765 kV single circuit transmission line between Raichur and Sholapur in July 2014. Project promoted by Company along with Simplex Infrastructure Ltd and BS Ltd. Project achieved transmission line availability of 99.9% in 2014, 99.9% in 2015, 96.8% in 2016 and 99.39% in 2017. Lenders on September 30, 2017 implemented 5/25 scheme as per the RBI guidelines after obtaining approval from Independent Evaluation Committee, with cutoff date on Dec 30, 2016. The project is currently under operation and the debt obligation is timely serviced by RSTCPL. The Lenders have sanctioned Term Loan to refinance the existing ECB facility, which is under process.

Dirang Energy Private Limited (Dirang), a Special Purpose Company for development of 144MW Gongri Hydroelectric Power Project in West Kameng district in Arunachal Pradesh. The physical progress of the project is on halt mainly due to delay in obtaining consent from State Pollution Control Board, untimely disbursement by project lenders, untimely infusion of equity. Dirang and the Company is in discussion with the lenders for resolution of outstanding debt and the same is under consideration. Dirang and the Company has approached potential investors for equity participation in the Project. The State Government has issued a Termination Notice on 01.03.2018 against which the Company has filed a writ petition for stay of the said notice in Guwahati High Court. The Guwahati High Court has passed a stay order dated 29.06.2018 on the said termination notice and also its consequential effects. The Company has however written off its investment in the project.

The Joint lenders Forum (JLF) had invoked SDR in *Bellona Estate Developers Limited* with reference date October 25, 2015. Pursuant to SDR, the company allotted equity shares to Lenders to hold 51% stake. A consultant was appointed by the JLF to run the process to sell mall on as is where basis. After following due process as suggested by the Bankers the identified buyer is in process to mobilise funds for purchase of mall as is where basis. However due to current turmoil, in the financial markets mobilization of funds taking longer time than expected.

The status of *Patel KNR Infrastructure Ltd* and *Patel KNR Heavy Infrastructure Limited* continue to remain the same. The Company holds substantial stake in these road project companies. Both the NHAI annuity projects are under operation and the respective companies are receiving the annuity on semi-annual basis. The respective Companies are maintaining the assets as per the contract conditions. The Company and KNR Construction, the promoters of these companies are looking for the divestment in the Projects.

PBSR Developers Private Limited, has received approval for the additional floors and now the project consists of two residential towers (each tower having 20 floors) and one tower of serviced apartments (19 floors). The project offers residential units comprising of 2 BHK (990 sqft), 2.5 BHK (1120 sqft) and 3 BHK (1400 sqft & 1435 sqft). These residential towers have a total of 12 flats per floor whereas the service apartment block comprises of 11 apartments per floor. The project is meticulously crafted and offers a unique blend of smart

design and superior quality. The construction is substantially completed and internal finishing works are going on. The company has mobilized various agencies to expedite MEP works.

Step Down Subsidiaries of Patel Energy Resources Limited, wholly owned subsidiary of the Company, intended to build a thermal coastal power plant project of 1050 MW at Nagapattinam, Tamil Nadu. All the statutory clearances obtained stands elapsed and Consent for Establishment (CFE) that is mandatory for taking up Project construction works is still pending with Government of Tamil Nadu. Pending this, the Company has kept the project currently on hold.

The Company's Mauritius subsidiary *Les Salines Development Ltd.* ("LSDL") had Land lease Agreement with Govt. of Mauritius for a period of 99 years. After termination of the project by the Govt. of Mauritius, the company has now issued a notice of arbitration to Government of Mauritius through International court of Justice (ICJ). Arbitration tribunal has been formed by ICJ. The first procedural hearing has taken place and a timetable has been set up for the process of arbitration.

The salient features of the financial statement of each of the subsidiaries, associates and joint ventures as required under the Companies Act, 2013 is provided in **Annexure I** of the Boards' Report. The financial statement of the subsidiary companies are available on the website of the Company at the link <https://tinyurl.com/y6j9wcml>. Any member interested in obtaining a copy of financial statement of the subsidiaries may write to the Company Secretary, at the Registered Office of the Company.

In terms of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy for determining 'material' subsidiaries and the same has been disclosed on Company's website at the following link: <https://tinyurl.com/y4dpmjxu>.

Particulars of Loans given, Investment made, Guarantees given and Securities provided

The members may note that the Company is engaged in providing infrastructural facilities and hence, as per Section 186(11) of Companies Act, 2013, nothing in Section 186 shall apply to the Company except sub-section (1) of Section 186. Accordingly, a separate disclosure has not been given in the financial statements as required under Section 186(4) with regard to particulars of loan given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security.

Related Party Transactions

All the Related Party Transactions as required under Ind AS-24 are reported in the Notes to the financial statements.

In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated the Related Party Transactions policy and the same is uploaded on Company's website at the link: <http://tinyurl.com/nrqnhhs>

Directors and Key Managerial Personnel

i. Independent Director

The Board of Directors on recommendation of Nomination and Remuneration Committee and in accordance of the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 recommended re-appointment Mr. Khizer Ahmed and appointment of Mr. Ramasubramanian, for second term of 1 (one) year and 5 (five) years respectively. The said re-appointment and appointment have been included in the Notice convening the ensuing Annual General Meeting (AGM) for approval of the Members and shall be effective from the conclusion of the 70th AGM.

In accordance with the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have given a declaration that they meet the criteria of independence as provided in the said Section and in terms of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

ii. Executive Director

The Board of Directors at their meeting dated August 14, 2018 re-appointed Mr. C. K. Singh as Whole Time Director, designated as "Whole time Director – Operations", for a period of 5 years effective from May 30, 2019. The same was approved by the shareholders at the last AGM held on September 27, 2018. Post approval, the terms of re-appointment as approved by the Board and shareholders was recorded in the form of an agreement.

iii. Other Directors / Key Managerial Personnel

Ms. Kavita Shirvaikar retires by rotation at the ensuing AGM and being eligible, offer herself for re-appointment.

There is no change in the Key Managerial Personnel (KMPs) during the year under review. Some of the KMPs of the Company are also the KMPs of the subsidiaries.

Number of Board Meetings held during the financial year 2018-19

During the year ended March 31, 2019, the Board met 4 (four) times.

Remuneration Policy

The Company has formulated a Remuneration Policy pursuant Section 178 of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The salient features of the Policy is enclosed as **Annexure II** to the Boards' Report.

Evaluation of the performance of the Board

Based on Boards' Evaluation Policy, the performance of the Board Directors, its Committees, Chairman, Executive Directors, Independent Directors and Non-executive Directors was evaluated.

A separate meeting of the Independent Directors was held during the year under review.

Internal Financial Controls and Risk Management

The Company has in place adequate internal financial control with reference to financial statement. The Company ensures operational efficiency, protection and conservation of resources, accuracy in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process.

The Board of Directors of the Company has framed and implemented Risk Management Policy.

Audit Committee

The Audit Committee presently comprises of:

Mr. Khizer Ahmed (as Chairman) - Independent Director

Mr. S. Jambunathan- Independent Director

Mrs. Geetha Sitaraman- Independent Director

Mr. Rupen Patel – Managing Director

Whistle Blower Policy/Vigil Mechanism

The Company has a Vigil Mechanism Policy for the employee to report genuine concerns/grievances. The Policy is uploaded on the Company's website at the link. <http://tinyurl.com/pvenjtk>

The policy provides for adequate safeguards against the victimization of the employees who use the vigil mechanism. The vigil mechanism is overseen by the Audit Committee. There are no complaints / grievances received from any Directors or employees of the Company under this policy.

Corporate Social Responsibility

In accordance with the provisions of Section 135 of the Companies Act, 2013 (the Act), the Board of Directors of the Company has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors as its members:

Mr. Rupen Patel – Managing Director

Ms. Kavita Shirvaikar – Executive Director

Mr. Khizer Ahmed – Independent Director

The terms of reference of the CSR Committee include the matters specified in Section 135 of the Act. The CSR Policy of the Company is uploaded on the Company's website at the link - <http://tinyurl.com/o6yczx>

Pursuant to Clause (o) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8 of Companies (Corporate Social Responsibility Rules, 2014), the CSR Report forms part of the Board Report as **Annexure III**. On account of financial constraints, the Company could not spend on CSR activities. The Board intend to utilize the allocated amount to the best extent in FY 2019-20.

Auditors

At the 68th Annual General Meeting held on December 30, 2017, the Members has appointed M/s. T. P Ostwal Associates LLP (FRN: 124444W/W100150) as Auditors of the Company for a term of 5 years to hold office until the conclusion of the 73rd AGM to be held in the year 2022.

Further, In accordance with the provisions of Section 139 and 143(8) of the Companies Act, 2013, at the 68th Annual General Meeting held on December 30, 2017, members has appointed M/s. R. S. Parekh & Co., Chartered Accountants as the Branch Auditor to audit the Realty Division of the Company for a term of 5 years to hold office until the conclusion of the 73rd AGM to be held in the year 2022.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.