

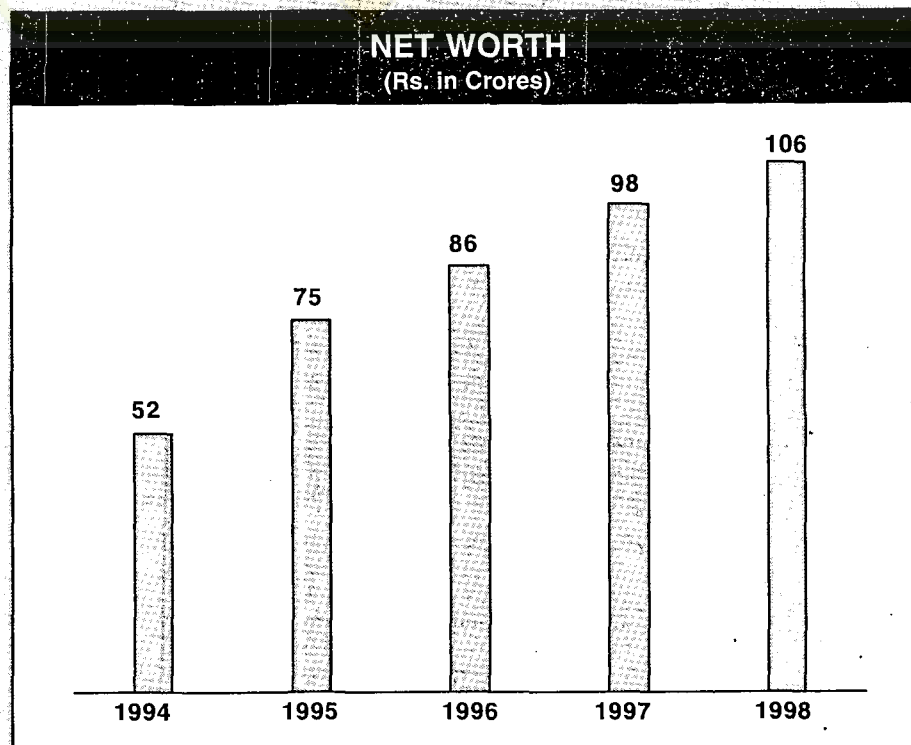
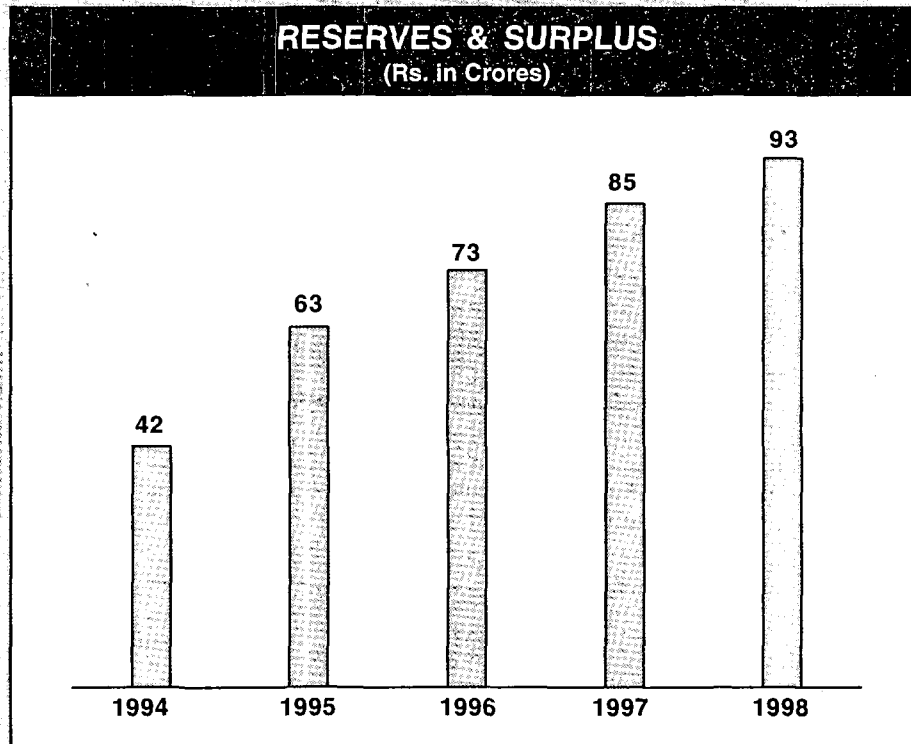
Annual Report 1997-98

BKC  
DPY  
DIV  
AC  
SHH

Report



UNITECH



# Annual Report 1997-98

## BOARD OF DIRECTORS

Managing Director : Mr. Ramesh Chandra  
 Whole-time Directors : Dr. G. R. Bahri  
 : Dr. Ramesh Kapur  
 Directors : Dr. S. P. Shrivastava  
 : Dr. P. K. Mohanty

SR. EXECUTIVE DIRECTORS : Mr. M. S. Masand – Real Estate  
 : Mr. A. S. Johar – Finance

COMPANY SECRETARY : Mr. Tarun V. Kotak

AUDITORS : Goel Garg & Co.  
 Chartered Accountants

PRINCIPAL BANKER : Canara Bank

REGISTERED OFFICE : 'Unitech House'  
 6, Community Centre, Saket,  
 New Delhi-110 017.  
 Phone : 6854550 (20 Lines)  
 Telex : 73356 UTEC IN  
 Fax : 91-(011) - 6862954, 6864709,  
 6857338, 6857339  
 E-MAIL : Domestic ho Unitech  
 International ho Unitech@axcess.net.in  
 Website add. : <http://unitechlimited.com>

		PHONE	FAX
REGIONAL OFFICES	: Mumbai	8374718, 8345156, 8322626, 8346764, 8340031.	8375188.
	Bangalore	2867474, 2869451, 2868689.	2868247.
	Lucknow	272905, 283676.	273657.
INTERNATIONAL OFFICES	: Tripoli (Libya)	905525, Camp : 903808	903147.

## CONTENTS

Financial Highlights .....	2
Notice .....	3
Directors' Report .....	5
Auditors' Report .....	8
Balance Sheet .....	10
Profit & Loss Account .....	11
Schedules to Accounts .....	12
Subsidiaries :	
1. Unitech International Limited .....	25
2. Unitech Builders Limited .....	29
3. Unitech Investments Limited .....	31
4. Unitech Industries Limited .....	33
5. New India Construction Company Limited .....	35
6. Supernal Corrugation (India) Limited .....	38
7. Ruhl Construction Company Limited .....	41
8. Unitech Metals Limited .....	43
9. A.B. Hotels Limited .....	47
10. South City Country Club Limited .....	52
11. Hyundai Unitech Electrical Transmission Ltd. ....	55



### Financial Highlights

	Rupees in Crores	
	1997-98	1996-97
Total Income	233.22	272.38
Less : Operating Expenses	200.33	235.86
Gross Profit	32.89	36.52
Less : i) Depreciation	2.64	2.59
ii) Interest	10.88	6.80
	13.52	9.39
Net Profit before Tax	19.37	27.13
Less : Taxes	6.00	9.50
Net Profit after Tax	13.37	17.63
<b>What the Company Owned</b>		
Fixed Assets		
Gross Block	33.69	31.27
Less : Depreciation	14.36	11.87
Net Block	19.33	19.40
Add : Capital Work-in-Progress	2.90	2.53
	22.23	21.93
Investments	39.79	32.86
Current Assets	796.14	611.42
Miscellaneous Expenditure	0.12	0.24
	858.28	666.45
<b>What the Company Owed</b>		
Loan Funds	131.53	82.61
Current Liabilities & Provisions	621.00	485.97
	752.53	568.58
<b>Net Worth</b>		
Equity Share Capital	12.49	12.49
Reserves & Surplus	93.26	85.38
	105.75	97.87

### Financial Summary for Ten Years

(Rupees in Crores)

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989*
1. Share Capital	12.49	12.49	12.48	12.48	10.87	10.80	7.21	7.21	7.20	5.99
2. Reserves & Surplus	93.26	85.38	73.42	62.76	41.51	33.24	22.75	19.41	16.51	13.12
3. Total Income	233.22	272.38	257.59	166.67	119.80	100.86	83.07	59.63	51.38	59.01
4. Net Profit (before Tax)	19.37	27.13	25.08	18.13	13.50	10.64	8.30	6.39	5.78	5.98
5. Dividend :										
a) %	40	50	40	40	30	25	25	24	22	25
b) Amount	4.99	6.24	4.99	4.62	3.27	2.08	1.80	1.73	1.59	1.50
c) % of Net Profit	26	23	20	25	24	20	22	27	28	25
6. Fixed Assets	22.23	21.93	21.35	14.71	7.06	5.83	5.39	5.46	4.27	3.71
7. Net Current Assets	175.14	125.45	114.01	124.41	84.87	67.21	50.46	49.58	36.98	28.51
8. Investments	39.79	32.86	20.26	18.38	9.40	3.31	2.94	2.63	2.43	0.79
9. Secured Loans	93.78	60.20	51.22	67.34	37.75	26.65	24.56	27.02	16.18	8.26
10. Unsecured Loans	37.75	22.41	18.85	15.45	11.68	6.08	4.81	4.68	4.20	4.04

\* 15 Months ended 31st March

## Notice of Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of the Members of Unitech Limited will be held **on Wednesday, 23rd September, 1998 at 3.00 P.M. at The Air Force Auditorium, Subroto Park, New Delhi-110 010** to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended on 31st March, 1998.
3. To appoint a Director in place of Dr. G.R. Bahri, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ramesh Chandra, who retires by rotation and, being eligible, offers himself for re-appointment.
5. a) To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.  
M/s Goel Garg & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the 27th Annual General Meeting and, being eligible, offer themselves for re-appointment.  
b) To appoint Auditors for the Company's office in Libya for the current year and to authorise the Board of Directors under Section 228 of the Companies Act, 1956 to fix their remuneration and the terms and conditions subject to which they will hold the appointment.

M/s Yusuf Abu Sahamin, Certified and Legal Public Accountant, Libya, offer themselves for re-appointment.

### Special Business

6. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution :  
"RESOLVED that subject to requisite permissions/approvals of the concerned authorities, Equity shares of the Company be delisted from the Ahmedabad Stock Exchange and the Bangalore Stock Exchange.  
FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take all necessary steps and actions in this regard."

By Order of the Board of Directors  
For Unitech Limited

Tarun V. Kotak  
Company Secretary

Dated : 24th August, 1998

### Notes :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy so appointed need not be a Member of the Company. Proxies, in order to be effective, must be sent so as to reach the Registered Office of the Company latest by 3.00 P.M. on 21st September, 1998.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed herewith.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Tuesday, 1st September, 1998 to Wednesday, 23rd September, 1998 (both days inclusive).
4. Dividend, if declared by the Company at the Meeting, will be paid to those Members whose names would appear on the Register of Members of the Company as on 23rd September, 1998 and Account Payee Dividend Warrants will be posted on or before 3rd November, 1998 at the address of those Members or their mandates as registered with the Company.
5. Members are requested to notify promptly change, if any, in their address and to furnish dividend mandates, if any, so as to reach the registered office of the Company at the earliest.
6. Members desirous of asking any question or seeking any information as regards Accounts in the Meeting are requested to write to the Company at least seven days in advance so as to enable the Management to keep the answers/information ready.
7. Members holding shares in two or more Folios are requested to write to the Company for consolidation of holdings in one Folio.

<b>Notice of Annual General Meeting</b>
---

8. As per provisions of section 205A of the Companies Act 1956.
- the Company has already transferred to the General Revenue Account of the Central Government the amount of all unclaimed dividends declared upto and including the financial year ended 31st March, 1994. Hence to claim dividend upto the said period, Members are advised to approach the Registrar of Companies, NCT of Delhi & Haryana, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi - 110 003.
  - the Company will transfer the unclaimed dividend for the year ended 31st March, 1995 to General Revenue Account of the Central Government. Those Shareholders who have not yet encashed the dividend warrant are requested to write to the Company latest by 15th September, 1998.
9. Members/Proxies are requested to bring their copy of the Annual Report alongwith them as copies of the Report will not be distributed at the Meeting.

<b>Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956</b>
--

**Item No. 6**

Equity shares of your Company are presently listed on Delhi, Mumbai, Ahmedabad and Bangalore Stock Exchanges. It has been observed that since last few years trading of shares of your Company on Ahmedabad and Bangalore Stock Exchanges has been very rare and of very low volumes. Your Company has been spending considerable amount of money on listing fees, advertisements in newspapers in respect of various provisions of the listing agreements e.g. board meeting notices, AGM & EGM notices, book-closure notices, quarterly results etc. and also on communications in the form of fax intimations, registered letters, etc. with these Exchanges. Shareholders/investors do not get any benefit despite Company spending these amounts and therefore it has been considered desirable that the listing on these Stock Exchanges be discontinued. Shareholders/Investors in these regions will not suffer due to delisting since with the introduction of screen-based trading on National Stock Exchange, trading in shares can be easily done from all over the country.

Considering these facts, your Board of Directors has proposed delisting of equity shares of your Company from Ahmedabad and Bangalore Stock Exchanges and has therefore put before you the Special Resolution under item no. 6 of the Notice of the AGM for your approval.

None of the Directors has any personal interest/concern in the said Resolution.

By Order of the Board of Directors  
For Unitech Limited  
**Tarun V. Kotak**  
Company Secretary

Dated : 24th August, 1998

## Directors' Report

To The Members,

The Directors present their 27th Annual Report and Audited Accounts for the year ended 31st March, 1998.

### Financial Results

	1997-98	1996-97
	Rs. in Crores	Rs. in Crores
<b>1. Total Income</b>	<b>233.22</b>	<b>272.38</b>
<u>Less</u> : i) Operating Expenses	<b>200.33</b>	235.86
ii) Interest	<b>10.88</b>	6.80
	<b>211.21</b>	<b>242.66</b>
<b>2. Gross Profit</b>	<b>22.01</b>	<b>29.72</b>
<u>Less</u> : Depreciation	<b>2.64</b>	2.59
<b>3. Profit before Tax</b>	<b>19.37</b>	<b>27.13</b>
<u>Less</u> : Provision for Tax	<b>6.00</b>	9.50
<b>4. Profit after Tax</b>	<b>13.37</b>	<b>17.63</b>
<u>Add</u> : i) Balance of Profit as per last Balance Sheet	<b>15.10</b>	7.65
ii) Foreign Projects Reserve written back	<b>3.00</b>	2.73
iii) Investment Allowance written back	<b>0.09</b>	0.14
iv) Excess provision for tax written back	<b>—</b>	1.19
v) Debenture redemption reserve written back	<b>3.56</b>	2.57
	<b>21.75</b>	<b>14.28</b>
<b>5. Appropriations</b>	<b>35.12</b>	<b>31.91</b>
i) Dividend	<b>5.00</b>	6.24
ii) Foreign Projects Reserve	<b>2.50</b>	3.50
iii) Debenture Redemption Reserve	<b>3.25</b>	1.44
iv) General Reserve	<b>4.00</b>	5.00
v) Balance Carried Forward	<b>19.87</b>	15.10
vi) Tax on Dividend	<b>0.50</b>	0.63
	<b>35.12</b>	<b>31.91</b>

### Dividend

The Directors are pleased to recommend a **dividend of 40%** free of tax in the hands of Shareholders. If approved, the dividend will be paid to those Members whose names will appear on the Register of Members as on 23rd September, 1998.

### Operations

The year 1997-98 witnessed continued slow-down and sluggishness in the country's economic activities. This had some impact on your Company's results. During the year under review, the total income amounts to Rs. 233.22 Crores. The net profit aggregates to Rs. 13.37 Crores.

### Real Estate Projects

#### A. Mini-Townships

Further progress has been made in the development of Company's Mini-Township - **SouthCity-II** - on the Sohna-Gurgaon Road. In the first phase of development of this 500 Acres township, road net-work has been completed and the work on the other internal services such as water lines, sewerage pipes and drainage system is progressing fast. The Company has received very good response in the sale of their built-up properties in this Township and some of the large Corporates have opted for their housing requirements in this Township. Construction of the built-up houses in the **'Greenwoods City'** is fast nearing completion.

#### B. Apartments / Condominiums

The Company's prestigious Condominium Complex - **'La Gardenia'** - in SouthCity has received very good response and the, construction in this Complex is progressing well. During the year, the Company has completed its Apartment Complex - **'Legacy'** - in Lucknow. The construction of Apartment - **'Sunbreeze Tower'** - in Vaishali area in Ghaziabad is also progressing well, where possession has already been handed over in Tower I.

The Company has also made steady progress in the development of its Apartments in Mumbai and Bangalore.

#### C. Commercial Complexes

During the year, the construction work of the Company's prestigious Commercial Complex - **'Signature Towers'** - has made rapid progress and the Company has received good response from MNCs as well as large Corporates. Your Company has also launched Commercial Complex - **'Millennium Plaza'** - in association with another Company. Another Commercial Complex in **'SouthCity'** - **'Business Floors'** - is almost complete.

## Directors' Report

### Construction Projects

#### A. Highway Projects

During the year under review, the work on four - lanning of NH-I project between Karnal and Ambala has progressed satisfactorily. Rs. 70.00 Crores worth works have been completed during the year. The superstructure work of Markanda Bridge, designed & constructed by Incremental Launch Method (First of its kind in India) has also been started. Your Company has also bagged the Rs. 36.50 Crores Hubli-Dharwad Bye Pass (NH4) Project from a Bharat Forge Group Company. Work has already started. Your Company has also been qualified to bid for a number of large Highway Projects in various parts of India.

#### B. Industrial Projects

Construction work of factory building of L.G. Electronics Pvt. Ltd. and Delphi Automation Systems Pvt. Ltd. at Greater Noida have been handed over to Clients. Production work at both the factories has already commenced.

Your Company has been awarded two prestigious Projects valued at Rs. 9.31 Crores by Maruti Udyog Ltd. and Rs.4.00 Crores by Jindal Strips Ltd., for their new Cold Rolling Mill. The phased handover of Maruti Project has been done two months ahead of schedule and Maruti has awarded another Project of Weld Shop III of approximate value of Rs. 7.00 Crores Work at Sewage Treatment Plant of 40 MGD capacity being executed alongwith Degremont of France at Rithala and 225 Mtrs. High Chimney in Gujarat is progressing at steady pace.

#### C. Overseas Projects

Your Company has successfully completed Hiling Project, Ruston/Solar T.G. Set, Sewage Treatment Plant Projects in Libya. Other on-going Projects with various clients are running on schedule.

Your Company has secured further orders from Waha Oil Company for construction of two housing and one communication cable projects in Libya.

### Joint Ventures

**A. B. Hotels Ltd.** - 'Radisson Hotel', a Five Star Hotel of international standard with 256 Rooms, 3 Restaurants, a Bar, a Health Club, and a Business Centre, in Delhi was commissioned in March 1998. The Hotel has also a Commercial Plaza. The response from the public in the hotel occupancy has been satisfactory.

**Unitech Prefab Ltd.** - This is the Joint Venture between your Company alongwith two Singapore Companies. The Company has pioneered the concept of Ready-Mix-Concrete (RMC) in India and has also ventured into Prefab segment with Concrete Blocks.

During the year under review, the Company achieved income of Rs.17 Crores against about Rs.15 Crores in the previous year. The profit before tax increased to Rs.1.53 Crores from Rs.1.31 Crores in the previous year, registering a growth of 17%. Since the Excise Duty which was earlier levied has now been deleted, it is expected that the Company's products will be more competitive in the future.

**Hyundai Unitech Electrical Transmission Ltd.** - The Commercial Production commenced during the year under review. The Company has completed various prestigious Projects including the Turnkey job of supply, erection and commissioning of 132 KVA Transmission Line with Rajasthan State Electricity Board. The Company has also supplied Galvanised structures to clients such as Powergrid Corporation, Maharashtra State Electricity Board and Punjab State Electricity Board.

The Company has further bagged orders worth about Rs. 20 Crores and negotiations are in advanced stage for further orders of Rs. 30 Crores from domestic as well as international markets.

**Gurgaon Technology Park Ltd.** - The Foundation Stone laying ceremony of this Joint Venture Project with HUDA and Singapore Consortium was performed in November 1997. M/s. Jurang Town Corporation International (JTCl), a leading Singapore Consultant in the development of large number of Technology Parks in several South Asian Countries, has since been engaged for this Technology Park.

### Listing of Shares

At present, the Equity Shares of your Company are listed on Delhi, Mumbai, Ahmedabad and Bangalore Stock Exchanges. Keeping in view the low frequency and small trading volumes for past few years at Ahmedabad and Bangalore Stock Exchanges and the screen based trading being done on the National Stock Exchange all over the Country, it has been decided by the Board of Directors of your Company to delist the Shares from Ahmedabad and Bangalore Stock Exchanges.

The Shares shall, however, continue to be listed on Mumbai Stock Exchange and the Regional Stock Exchange at Delhi.



## Directors' Report

### Fixed Deposits

As on 31st March, 1998, the Company had Fixed Deposits to the tune of Rs. 32.11 Crores and Rs. 36.96 Crores as on 30th June, 1998. Three Deposits aggregating Rs.10,000/- matured but were not claimed as on 31st March, 1998 and the same remain unclaimed till date.

### Subsidiary Companies

Pursuant to Section 212 of the Companies Act, 1956, the Annual Accounts for the year ended 31st March, 1998, as also the Auditors' and Directors' Reports of the subsidiary Companies, except that of City Maintenance Services Ltd. whose Accounts have not yet been received, are attached to the Accounts of the Company. Statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiary Companies is also attached to the Accounts.

### Directors

Your Directors are grieved to report the demise of Mr. D.M. Harish, a Director of your Company. They wish to further record their gratitude for the useful services rendered by Mr. Harish in the Company's growth, particularly in Income Tax matters.

In accordance with the provisions of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company, Dr. G.R. Bahri and Mr. Ramesh Chandra are due to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

### Auditors

The Auditors of the Company, M/s Goel Garg & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. They have furnished a Certificate to the effect that the proposed re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

M/s Yusuf Abu Sahamin, Certified and Legal Public Accountant, Libya, who had been appointed as Branch Auditors for the Libya Branch also retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

The matter regarding sanction under Section 372 mentioned in Clause 2 of the Auditors' Report is being actively followed.

### Foreign Exchange Earnings and Expenditure

The particulars regarding foreign exchange earnings and expenditure appear as Item No. 19 and 20 of Clause B of Schedule 17 to the Accounts. Since the Company does not own any manufacturing facility, other particulars mentioned in The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

### Particulars of Employees

Information as per Section 217 (2A) of The Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, as amended, is given in the Annexure forming part of this Report.

### Cash Flow Statement

As required by Clause 32 of the Listing Agreement with the Delhi Stock Exchange Association Ltd., Cash Flow Statement for the year ended 31st March, 1998, as per format prescribed by The Securities and Exchange Board of India, is enclosed.

### Acknowledgement

The Board acknowledges with gratitude the co-operation and assistance provided by the Company's Bankers, Financial Institutions, Government and non-Government agencies. The relationship with the employees remained cordial and your Directors wish to place on record their appreciation of the contribution made by the employees at all levels. Your Directors also thank the Shareholders and Fixed Depositors for their continued support.

For and on behalf of the Board of Directors

**Ramesh Chandra**  
Managing Director

**Dr. G. R. Bahri**  
Whole-time Director

**Dr. S. P. Shrivastava**  
Director

New Delhi  
24th August, 1998

## Auditors' Report

To the Members of  
UNITECH LIMITED

1. We report that we have audited the Balance Sheet of Unitech Limited as at 31st March, 1998 signed by us under reference to this report and the related Profit and Loss Account for the year ended on that date in which accounts of the Foreign Branch audited by Local Auditors are incorporated and which are in agreement with the books of account.
2. In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Companies Act, 1956 and also give respectively, subject to Note No. 16 in Schedule 17 regarding pending sanctions under section 372 for investments, a true and fair view of the state of the Company's affairs as at 31st March, 1998 and its profit for the year ended on that date.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books.
4. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
  - 4.1. The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies have been noticed on such verification.
  - 4.2. The Fixed Assets have not been revalued during the year.
  - 4.3. The stock of finished goods, stores, spare parts and raw materials have been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of the verification is reasonable.
  - 4.4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - 4.5. The discrepancies between the physical stocks and book records, which are not significant, have been properly dealt with in the books of Account.
  - 4.6. In our opinion and on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
  - 4.7. The Company has taken unsecured loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956. In our opinion, the rate of interest and conditions of such loans are prima facie not prejudicial to the interest of the Company.
  - 4.8. Loans and Advances in the nature of Loans have been given by the Company to Companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or to the Companies under the same management. The rate of interest is not prima facie prejudicial to the interest of the Company.
  - 4.9. The employees and subsidiary companies to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated or as rescheduled and are also regular in the payment of interest wherever applicable.
  - 4.10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, components, plant and machinery, equipment and other assets, and for the sale of goods.