



annual report
2008-2009

unitech

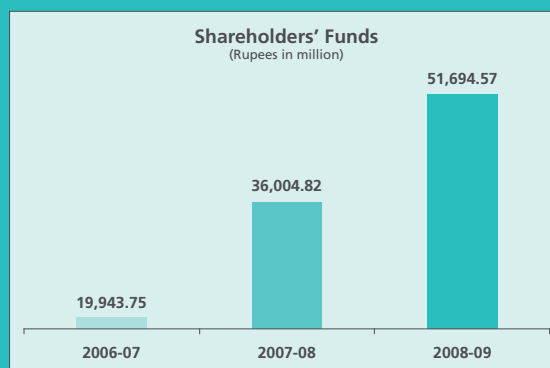
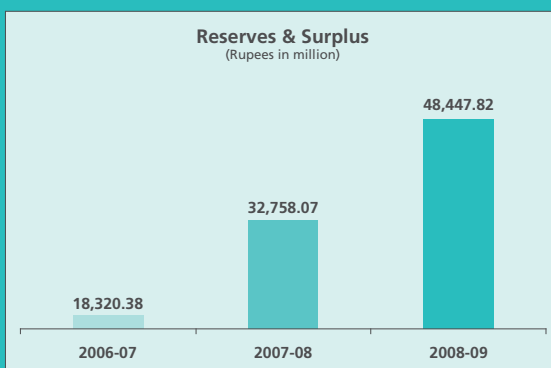
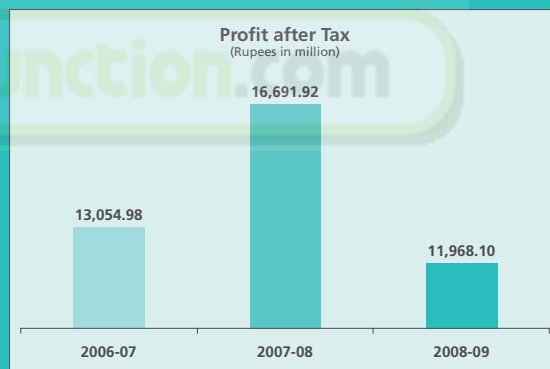
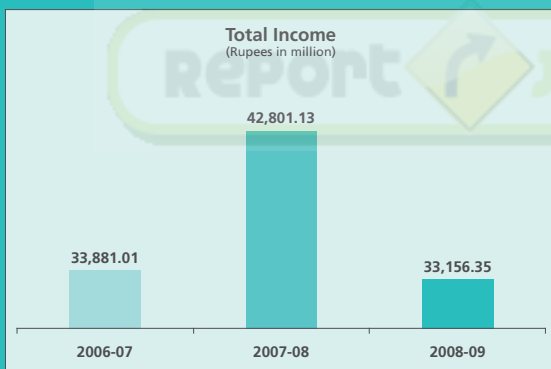
UNITECH LIMITED

www.reportjunction.com

Financial Summary

(Figures in Rs. million)

S. No.	Particulars	Financial Year		
		2008-09	2007-08	2006-07
1.	Share Capital	3,246.75	3,246.75	1,623.37
2.	Reserves & Surplus	48,447.82	32,758.07	18,320.38
3.	Shareholders' Funds	51,694.57	36,004.82	19,943.75
4.	Total Income	33,156.35	42,801.13	33,881.01
5.	Net Profit (before Tax)	14,392.03	20,677.82	17,918.50
6.	Net Profit (after Tax)	11,968.10	16,691.92	13,054.98
7.	Fixed Assets	33,257.46	31,441.53	8,148.23
8.	Net Current Assets	100,064.78	95,150.10	62,338.51
9.	Investments	15,808.24	14,164.91	4,547.57
10.	Secured Loans	77,015.98	62,311.38	38,961.60
11.	Unsecured Loans	13,542.42	23,212.37	1,435.75



COMPANY PROFILE



Signature Towers II, Gurgaon

Established in 1971 by a group of technocrats led by Mr. Ramesh Chandra, Unitech has over the last three & a half decades emerged as one of the leading business houses in India.

Apart from the flagship business of real estate development, the group has interests in varied businesses such as fund management and infrastructure development. The group has recently ventured into mobile telecom business.

The group's flagship company Unitech Limited is a leading real estate developer in India having projects in all major cities of India. It has been at the forefront of the rapid transformation of Indian real estate sector in the recent years.



Cascade, Noida

Unitech has the most diversified product mix comprising residential, commercial/Information Technology (IT) parks, Retail, Hotels, Amusement Parks and Special Economic Zones.

Unitech is known for the quality of its product and is the first real estate developer to have been certified ISO 9001:2000 certificate in North India. The Unitech brand is well recognised in India and was given the title of "Superbrand" by Superbrand India in October 2007. The Company is also the recipient of the CW Architect and Builders Award, 2008 for being one of India's Top Ten Builders.

The Gateway, Kolkata



Independent Floors, Gurgaon



Unihomes, Noida

Unitech has long partnered with internationally acclaimed architects and design consultants including SOM(USA), BDP(UK), Maunsell AECOM(HK), MEA Systra(France), Callison Inc(USA), FORREC(Canada), SWA and HOK(USA) for various projects. Its clientele for commercial projects includes global leaders such as Fidelity, McKinsey, Bank of America, Ford Motors, Nike, EDS, Hewitt, Amdocs, Ernst & Young, Reebok, Keane, Seagrams, Perfetti, Exxon Mobil and AT Kearney.



The Residences, Gurgaon

Unitech is one of the most liquid stocks in the Indian stock markets and was the first real estate company to be part of the National Stock Exchange's NIFTY 50 Index. Company has over 600,000 shareholders.

Unitech Wireless, the mobile telecom venture of Unitech, is working towards roll out of services by the end of this year. Telenor, a global telecommunications major, has acquired a significant stake in Unitech Wireless.

Letter to the Shareholders	7
Financial Highlights [Unitech Group]	10
Directors' Report	11
Report on Corporate Governance	15
Report on Management Discussion and Analysis	29
Auditors' Report on Consolidated Financial Statements	39
Consolidated Balance Sheet	40
Consolidated Profit & Loss Account	41
Schedules to Consolidated Accounts	42
Consolidated Cash Flow Statement	60
Auditors' Report on Financial Statements	61
Balance Sheet	64
Profit & Loss Account	65
Schedules to Accounts	66
Balance Sheet Abstract	108
Cash Flow Statement	109
Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies	110
Details of Subsidiary Companies	116

Executive Chairman	Mr. Ramesh Chandra
Managing Directors	Mr. Sanjay Chandra Mr. Ajay Chandra
Whole-Time Director	Mr. A. S. Johar
Directors	Ms. Minoti Bahri Mr. G. R. Ambwani Dr. P. K. Mohanty Mr. Anil Harish Mr. Sanjay Bahadur Mr. Ravinder Singhania
Chief Financial Officer	Mr. Manoj Popli
Company Secretary	Mr. Deepak Jain
Auditors	Goel Garg & Co. Chartered Accountants

Registered Office

6, Community Centre, Saket, New Delhi-110017
Tel.: +91-11-26857330-31. Fax: +91-11-26857338

Corporate Office

Unitech House, 'L' Block, South City-I, Gurgaon-122001
Tel.: +91-124-4125200. Fax: +91-124-2383332

Marketing Office

Unitech Signature Towers, Ground Floor, South City-I, Gurgaon-122001
Tel.: +91-124-4082020. Fax: +91-124-4083355

www.unitechgroup.com

Dear Shareholders,

In last year's Annual Report, I had shared with you that the real estate sector in India had begun to show signs of slowing down. Having been in business for over three and half decades, we had gone through such spells of subdued growth following a rapid market expansion. Having to deal with the lower ebb of a business cycle comes in the natural course of business and the team at Unitech was gearing up to face the challenge and was quietly confident of successfully steering the Company through the cyclical slowdown.

We believed that our brand equity, value proposition and execution skills would further strengthen our position in a recessionary market. However, 2008-09 reminded me again of a deep-rooted belief I have about business - "Things do not always go as per plan". After all, when three of my friends and I formed United Technical Consultants Private Limited, way back in 1971, we cannot say we had a specific plan in place to convert the small soil investigating company into one of India's largest real estate companies. Yet, we achieved it. I guess uncertainties are a way of life for entrepreneurs and their mettle is put to the real test when they have to react to business crisis.

Yes, the developments on the economic front in 2008-09 were not just an ordinary slowdown but a large scale economic crisis. It has exposed deep structural defects, especially in the large economies of USA and Europe, in terms of savings, consumption and investment. The negatives spread like chain reactions across the entire global financial space and then to the real economies. The financial system had been simmering with the aftermath of the 'sub-prime' crisis, but things went into a downward spiral in September 2008. The sheer enormity of events that happened in quick succession was shocking. The way large global institutions crumbled was unimaginable. Naturally, sentiments became very weak and there was a virtual freeze on liquidity in the system in the period between September 2008 and November 2008. The capital squeeze during this period was enough to throw the already brittle global real economy into further depths of misery.

Major economies across the world – the US, Euro zone, Japan went into a recession while growth in countries such as China and India slowed down significantly.

What did all this do to Unitech?

I have no hesitation in saying that these developments pushed the Company into crisis management mode.

As a Company, Unitech has grown in leaps and bounds in the last five to six years. In 2002-03, the value of work done by the Company was a little over Rs.1 billion. In 2007-08, this had increased to over Rs.20 billion. This is a remarkable growth story. And, it was not achieved by a reckless spirit of adventure but by adopting a well calibrated business strategy. We created a relatively lower cost pan-India land bank carefully identifying high potential areas. Over the years, we have followed a capital

light business model and have been quite prudent with the usage of capital. The high growth strategy that the company adopted in the recent years, however, necessitated the company to take considerable amount of debt. It was a manageable level under the normal circumstances especially considering that the company was about to commence conversion of its newly acquired land into projects.

However, 2008-09 was not an ordinary year of economic crisis.

With rapid deleveraging by global financial intermediaries there was a significant flight of capital from emerging economies like India. Even domestic lenders became highly risk averse.

AT UNITECH, WE ARE AGGRESSIVELY LAUNCHING INITIATIVES IN THE AFFORDABLE HOUSING SPACE. THE NEW REGIME OF LOWER INTEREST RATES, SLEW OF NEW PROJECT LAUNCHES AND IMPROVING OVERALL SENTIMENT HAVE HELPED REVIVE THE DEMAND FOR HOUSING SINCE MARCH 2009.

On the demand side, too, there was a crisis situation. With low consumer confidence and job insecurity, demand for housing came to a virtual standstill. There have been delays in payment of instalments by customers of ongoing projects. Commercial and retail properties also had almost no takers.

These developments had an adverse affect on the Company's balance sheet. Total outstanding debt was in excess of Rs. 10,000 crores as of 30th Sep'08 of which over Rs. 2,500 crores was due for repayment before 31st Mar'09. Due to the tight liquidity environment, average cost of debt rose during the quarter Oct'08~Dec'08. With cash inflows slowing down and with commitments to repay old debt, Unitech was facing an asset liability mismatch and had to quickly put in place a strategy to deal with the situation.

I am happy to report that although we were pushed to the wall on this front and me and many of my colleagues had to go into fire-fighting mode, as I write to you today this crisis is behind us.

In a challenging environment, the company could successfully enter into an agreement with Telenor, a global telecom major with extensive experience in emerging markets, as per which Telenor would acquire a 67.25% stake in Unitech Wireless and also undertake day to day management of the wireless business.

Through a structured focus on rescheduling loans, selling non-core assets and raising equity, we have considerably deleveraged the Company and the asset-liability gap has been considerably bridged. The company today is in a relatively much stronger financial position. The confidence that the investors showed in the company and the support that we received from our lenders were critical in addressing the crisis. I must also acknowledge here the positive role played by the Government of India (GOI), various state governments and the Reserve Bank of India (RBI) in helping the sector deal with the crisis. More granular details of what we did in 2008-09 to overcome the financing crisis are given later in this report in the chapter on Management Discussion and Analysis.

With the crisis over, we are back to doing what we do best – design, launch, market and execute projects. I have always mentioned that affordable housing has possibilities of exponential growth in India. I believe this end-user led demand is real. At Unitech, we are aggressively launching initiatives in the affordable housing space. The new