

ANNUAL REPORT 2016 ➤



unitech



HIGHLIGHTS 2015-16

- Income from operations ₹ **20,075 million**
- Consolidated Net-worth ₹ **100,624 million**
- Net Debt to equity ratio **0.71**
- Sales Bookings over ₹ **9,630 million**
- Area Sold **1.28 million square feet**
- Area Launched **1.29 million square feet**
- Area Delivered over **3.99 million square feet**
- Area of **34.78 million square feet** under development



ABOUT UNITECH

Established in 1971, Unitech is amongst India's leading business groups, with an outstanding track record in large-scale, integrated, Real - Estate Development and Infrastructure Development in India.

The real-estate development journey for Unitech, since it started working on its first real estate project-South City spread over 300 acres in Gurgaon, has been truly remarkable. Today, Unitech's land reserves are spread across all major hubs of economic activity in the country and the Company focuses on large, mixed-use developments. The Company's diverse portfolio includes residential, commercial, special economic zones (SEZs), IT Parks, industrial & logistic parks, hospitality, retail and entertainment projects. The Company's infrastructure related businesses include general construction, Design, manufacturing, erection & commissioning of transmission towers, facility & property management services and township management services.

PARTNERSHIPS

Be it firms like SOM, Callison and HOK in real estate - Unitech has a history of successful partnerships with leading global organizations. Its blue-chip customer portfolio in real estate includes clients like Fidelity, Google, HSBC, Sun Life, Marriott, Reebok, IBM,, RBS, Ernst & Young, Bank of America and LG.

CORPORATE CITIZENSHIP

Over the years, Unitech has been undertaking various activities in order to contribute to the society.

“Saankalp” a Unitech CSR programme focuses mainly on core development issues like healthcare, education, environment and community outreach, development & welfare and skill development.

The Company also undertakes several 'green' initiatives such as rainwater harvesting, energy efficient buildings and social forestry.



CORPORATE INFORMATION

Executive Chairman
Mr. Ramesh Chandra

Managing Directors
Mr. Ajay Chandra
Mr. Sanjay Chandra

Non Executive Director
Ms. Minoti Bahri

Independent Directors
Mr. G.R. Ambwani
Mr. Sunil Rekhi
Mr. Chanderkant Jain
Mr. Virender Kumar Bhutani*

Executive Vice-President & Chief Financial Officer
Mr. Sunil Keswani

Vice-President & Company Secretary
Mr. Deepak Jain

Auditors
M/s. Goel Garg & Co.

UNITECH LIMITED
CIN: L74899DL1971PLC009720

Registered Office:
Basement, 6, Community Centre,
Saket, New Delhi – 110017
Tel.: +91-11-26857331
Fax: +91-11-26857338

Corporate Office:
Unitech Commercial Tower II,
Sector - 45, Block B, Greenwood City,
Gurgaon - 122001
Tel.: +91-124-4835300
Fax: +91-124-4835399

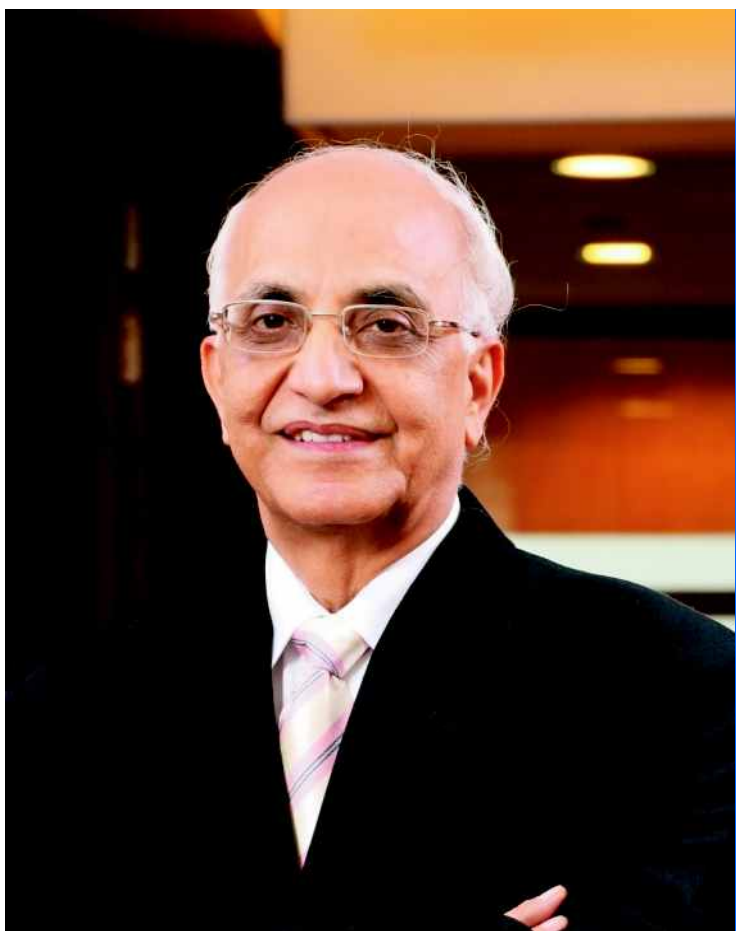
E-mail for Investors:
share.dept@unitechgroup.com

Website: www.unitechgroup.com

** Appointed w.e.f. 30th May 2016*

CONTENTS

| | |
|---|-----|
| Chairman's Message | 006 |
| Board Report | 008 |
| Management Discussion and Analysis | 033 |
| Report on Corporate Governance | 037 |
| Consolidated Financial Statements | 047 |
| Standalone Financial Statements | 118 |
| Statement relating to Subsidiary Companies etc. (AOC-1) | 187 |



CHAIRMAN'S MESSAGE

Dear Shareholders,

It has been yet another challenging year for the real estate sector in India with few signs of revival in demand particularly for the residential property, which is the mainstay of most developers. This extended phase of slowdown is a cause for concern not just for those directly associated with the sector but for the wider economy given the strong multiple linkages that the sector has with various other sectors of the economy. In my view, joint efforts of both the industry and the government are required to revive the sector. On the one hand, industry should work towards increased transparency and improved project execution and timely delivery while on the other hand the government must facilitate flow of funds to the sector and further streamline approval and sanction processes.

Indian economy has registered 7.6% growth during the last financial year and this growth is expected to further accelerate in the coming years with various measures being taken by the government to boost the economy. RBI has also been gradually reducing the interest rates. Though these positive macro economic developments are yet to percolate to the real estate sector, I am quite sanguine about the prospects for the sector given the fact that the basic drivers of demand for property viz., existing housing shortage, increasing urbanisation, more nuclear families, aspirational society are all intact.

Enactment of Real Estate Regulatory Act (RERA) is a significant milestone in the transformational journey of the Indian real estate sector. Once the necessary regulatory framework is set up as per the Act and it takes full effect, it will bring about fundamental changes in the real estate sector ushering in a much higher degree of transparency and creating a favourable environment for developers, buyers, and investors to operate in the coming years.

During the year, your Company's principal focus was on scaling up construction activity at the project sites and thereby speeding up the delivery of finished product. Accordingly, all its actions were directed towards this objective. These actions resulted in an increase in delivery volume during the year to 3.99 million sq.ft. as against 3.16 million sq.ft. during the previous year. However, much more needs to be done given the large delivery backlog. Company is continuously engaging with all the concerned parties viz., customer groups, banks, local authorities, contractors etc. to put in place mechanisms to ensure unhindered progress of projects and reassure them of its commitment to delivery. As I mentioned earlier, ongoing projects of the company have the potential to generate more cash flows than required for completion of those projects. I am confident that the overall liquidity situation of the Company will also improve soon with various other measures that the Company has been taking expected to start yielding positive results.

Your Company takes pride in being a responsible corporate citizen and continuously contributes to various activities involving labour welfare, safety, environmental protection, education etc.

I sincerely thank all stakeholders for continuing to repose their faith and trust in the Company.

Regards,

Ramesh Chandra
Chairman



Uniworld City, Kolkata

BOARD REPORT

Dear Members,

Your Company's Directors are pleased to present the 45th Annual Report and the Audited financial Statements of the Company for the year ended 31st March, 2016.

FINANCIAL RESULTS

The Financial Performance of the Company for the year ended 31st March, 2016 is summarized below:

(Figures in ₹ Crore)

| | 2015-16 | 2014-15 |
|---|-----------------|----------------|
| Total Income | 1328.20 | 1394.41 |
| Less: Operating Expenses | 1332.21 | 1071.89 |
| Profit/ (Loss) before Interest, Depreciation and Tax | (4.01) | 322.52 |
| Less: i) Interest | 301.07 | 307.31 |
| ii) Depreciation | 4.50 | 7.78 |
| Profit/ (Loss) before Tax | (309.58) | 7.43 |
| Less: Provision for Tax | | |
| i) Current | – | 9.52 |
| ii) Earlier Year Tax | 61.46 | |
| iii) Deferred | (95.42) | 13.72 |
| Profit/ (Loss) after Tax | (275.62) | (15.81) |
| Balance carried over to Balance Sheet | (275.62) | (15.81) |

There were no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Financial Statements relate and the date of report.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY AFFAIRS

The total income of the Company for the year under review is ₹ 1328.20 Crore. The Loss before tax stood at ₹ 309.58 crore and Loss after tax stood at ₹ 275.62 Crore. On consolidated basis, the total income of the Company and its subsidiaries stands at ₹ 2072.27 Crore. The consolidated loss before tax stood at ₹ 969.41 crore and loss after tax stood at ₹ 902.70 Crore. The earnings per share (EPS) on an equity share having face value of ₹ 2/-, stands at ₹ (1.05) considering the total equity capital of ₹ 523.26 Crore.

On consolidated basis, the real estate and related division contributed ₹ 1364.15 crore in the revenues of the Company, whereas the contribution from the Property Management business was ₹ 152.66 crore and from the Transmission Towers business was ₹ 356.72 Crore. Hospitality and other segments contributed the balance revenues of ₹ 143.69 Crore.

KEY HIGHLIGHTS OF THE BUSINESS AND OPERATIONS

During the year under review, there was no change in the nature of business of the Company. Some of the key highlights pertaining to the business of the Company, including its subsidiaries and associates, for the year under review and period subsequent thereto are given hereunder:

Project Sales and Delivery

In line with the trend in the last few years, given depressed market conditions, your Company focused on project delivery against launch and

sale of new projects. During the year under review, your Company has newly launched totaling an area of 1.29 million sq. ft. The Company achieved sales bookings for a total area of 1.28 million sq. ft. during 2015-16 valued at ₹ 963 crore. In terms of total area sold in 2015 - 16, 0.41 million sq. ft. was sold in Gurgaon, 0.61 million sq. ft. in Noida & Greater Noida, 0.08 million sq. ft. in Chennai, 0.05 million sq. ft. in Kolkata and 0.14 million sq. ft. in other cities.

In terms of segment wise sales, 70.30 % of the area sold was from the residential segment while 29.70 % was from non-residential. The average realization, in 2015-16, from the non-residential segment was ₹ 12771 per sq. ft. as compared to the residential segment's average realization of ₹ 5277 per sq ft.

Project Execution and Delivery

Your Company delivered 3.99 million sq ft of completed area during the year and 60% of the projects are in handing over/finishing stage across various regions of the country. As at 31st March, 2016, a total of 34.78 million sq. ft. area is under development. In order to efficiently execute the much higher scale of projects across markets, the Company is substantially upgrading its operations. During the year under review, the Company continued to focus on strengthening the back end infrastructure of the construction division to improve the quality and output of construction work.

More details about the business and operations of the Company are provided in the Report on Management Discussion and Analysis forming part of this Report.

DIVIDEND

Your Directors have not recommended any dividend for the year ended 31st March, 2016.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report, for the year under review, as stipulated under Regulation 34 & Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"] is given separately and forming part of this Report.

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance along with a certificate from M/s. DR Associates, Company Secretaries (CP No. 714) confirming compliance with the conditions of Corporate Governance as stipulated under Schedule V of the Listing Regulations forms part of this report.

CONSOLIDATED FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements of the Company provided in the Annual Report are prepared in accordance with the Act and Accounting Standard (AS) 21 on 'Consolidated Financial Statements' read with Accounting Standard (AS) 23 on 'Accounting for Investments in Associates' and (AS) 27 on 'Financial Reporting of Interest in Joint Ventures'.

SUBSIDIARIES, JOINT VENTURES & ASSOCIATES

Pursuant to first proviso to Section 129(3) of the Companies Act, 2013 ("the Act"), a statement, containing salient features of financial statements of Company's subsidiaries, joint ventures and associates (in Form AOC-1), is attached to the financial statements. The said statement describes the performance and financial position of each of Company's subsidiaries, joint ventures and associates. The policy for determining



BOARD REPORT

material subsidiaries as approved may be accessed on the Company's website at the link: <http://www.unitechgroup.com/investor-relations/corporate-governance.asp>.

The audited financial statements and related information of the subsidiaries is available on website of the Company, viz. www.unitechgroup.com and will be made available, upon request by any member of the Company & shall also be made available for inspection at the registered office of the Company.

During the year under review, Glenmore Builders Pvt. Ltd. & Chintpurni Constructions Pvt. Ltd. were acquired by QnS Facility Management Pvt. Ltd., a wholly owned subsidiary of the Company. Further, during the year under review, status of Unitech Infra-Con Ltd. has been changed from Joint Venture to Subsidiary.

During the year under review, following companies ceased to be associated with the Company:

| Sr. No. | Name of Company | CIN (Corporate Identification Number) | Relation with the Company |
|---------|----------------------------------|---------------------------------------|---------------------------|
| 1. | Avril properties Pvt. Ltd. | U45400DL2007PTC167714 | Subsidiary |
| 2. | Havelock Schools Ltd. | U80101DL2006PLC148646 | Subsidiary |
| 3. | Mount Everest projects Pvt. Ltd. | U70109DL2006PTC149815 | Subsidiary |
| 4. | Ojos Developers Pvt. Ltd. | U45400DL2007PTC170054 | Subsidiary |
| 5. | Uni-chand Builders Pvt. Ltd. | U45202DL1996PTC081396 | Associate |
| 6. | Unitech Sai Pvt. Ltd. | U74899DL2005PTC142456 | Associate |
| 7. | Shantiniketan Properties Ltd. | U70101DL2005PLC134655 | Associate |

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 as required under Section 92 (3) of the Act, read with rule 12(1) of the Companies (Management and Administration) Rules, 2014 is annexed herewith as Annexure-I to this report.

KEY MANAGERIAL PERSONNEL (KMP)

In compliance with the provisions of Section 203 of the Companies Act, 2013, the following Executive Directors and Senior Officials of the Company are designated as the Key Managerial Personnel of the Company:

| | | |
|----|--------------------|------------------------|
| 1. | Mr. Ramesh Chandra | Executive Chairman |
| 2. | Mr. Sanjay Chandra | Managing Director |
| 3. | Mr. Ajay Chandra | Managing Director |
| 4. | Mr. Sunil Keswani | EVP & CFO |
| 5. | Mr. Deepak Jain | VP & Company Secretary |

DIRECTORS

In accordance with the provisions of Section 152 of the Act and rules made there under, Mr. Ajay Chandra, Managing Director (DIN:00004234), retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Directors recommend re-appointment of Mr. Ajay Chandra at the ensuing Annual General Meeting.

Based on the recommendations of the Nomination & Remuneration Committee and after reviewing the declaration submitted by Maj. Gen. Virender Kumar Bhutani (Retd.) (DIN-03487268) confirming that he meet

the criteria of Independence as prescribed under section 149 (6) of the Act and Regulation 25 of the Listing Regulations, appointed him as an Additional Non-Executive Independent Director of the Company.

Maj. Gen. Virender Kumar Bhutani (Retd.) (DIN-03487268) appointed as Additional Non-Executive Independent Director to hold office upto the ensuing Annual General Meeting, is proposed to be appointed at the ensuing Annual General Meeting as Independent Director of the Company under Section 149 of the Companies Act, 2013 for a period of five years w.e.f. 30.05.2016, on non-rotational basis.

Since last Board Report, Mr. Sanjay Bahadur (DIN: 0032590), Independent Director resigned from the Board w.e.f 23rd February, 2016. The Board wishes to place on record its deep sense of appreciation for the valuable services rendered by him to the Board and the Company during his tenure as Director.

The details of programmes on familiarization of Independent Directors with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are available on the Company's website under web link <http://www.unitechgroup.com/investor-relations/corporate-governance.asp>. During the year under review, two such programmes were held which were attended by Independent Directors.

During the year under review, four meetings of the Board of Directors were held. The intervening gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Act. The details of meetings are disclosed under Corporate Governance Report forming part of this Report.

BOARD EVALUATION

Pursuant to the provisions of Section 134, 149 & Schedule IV of the Act and Regulation 17(10) of the Listing Regulations annual performance evaluation of the Directors as well as of the various committees of the Board has been duly carried out.

The performance evaluation of the Independent Directors was carried out by the entire Board and the performance evaluation of the Chairman & Non Independent Directors was carried out by the Independent Directors at their properly convened meeting. The performance evaluation of the various Committees of Directors was carried out by the Board.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy containing criteria for determining qualifications, positive attributes, independence of a director and policy relating to remuneration for the Directors, Key Managerial Personnel and Senior Management personnel of the Company are disclosed in the Corporate Governance Report forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(3)(c) of the Act the Directors confirm that:

- in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state

BOARD REPORT

of affairs of the company as at March 31, 2016 and of the loss of the company for the year ended on that date;

- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROL FOR FINANCIAL STATEMENTS

Unitech has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and to ensure that all transactions are authorised, recorded and reported correctly and adequately.

The company works in a dynamic business environment and adopts the suitable internal financial controls, especially the ones having bearing upon reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with the generally accepted accounting principles. It includes maintaining such business policies and procedures as may be required to effectively conduct the business of the company and maintain such records as to properly record the business transaction, assets and liabilities of the company in such a way that they help in prevention of frauds & errors and timely completion of financial statements.

The Company's internal controls are supplemented by programmes of internal audits, reviewed by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets.

All financial and audit control systems are also reviewed by the Audit Committee of the Board of Directors of the company.

AUDIT COMMITTEE

The composition of the Audit Committee is provided in the Corporate Governance Report forming part of this report.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. Goel Garg & Co., Chartered Accountants, retiring at the conclusion of the ensuing Annual General Meeting ['AGM'], have expressed their unwillingness for re-appointment as Statutory Auditors in the ensuing AGM. The Board of Directors of your Company, on recommendation of Audit Committee, proposes the appointment of M/s R. Nagpal Associates, Chartered Accountants, (Registration No. 002626N) as Statutory Auditors of the company for a term of five years in the ensuing AGM of the Company. M/s R. Nagpal Associates, Chartered Accountants, have confirmed their eligibility and willingness to accept the office of Statutory Auditors, if appointed.

Auditors' Report

- A) The Auditors' in their Report to the members, have given six qualified opinions and the response of your Directors with respect to it are as follows:-

Response to Point (1)

On basis of internal assessments and evaluations, possible recoveries from securities (registered or unregistered) have represented that significant portion of such trade receivables balance outstanding are still recoverable/ adjustable and that no accrual for diminution in value of trade receivables is therefore necessary as at 31st March, 2016. The Management is confident of appropriately adjusting / recovering significant portions of the remaining outstanding balance of such amounts in the foreseeable future.

Response to Point (2)

The Company along with 3-members Sale Committee constituted by the Hon'ble Company Law Board ('CLB'), are making best possible efforts for sale of the land parcels earmarked for repayment of the deposits but such sale process is taking time due to global economic recession and liquidity crisis, particularly, in the real estate sector of India. However, regardless of these adverse circumstances and difficulties, the company is committed to comply with the orders passed by the Hon'ble CLB and to repay all the public deposits along with interest thereon within permissible extended time period.

Further, the company has earmarked 6 (six) unencumbered land parcels which shall be sold and the entire sale proceeds thereof shall be utilized for repayment of the said deposits. The company is fully committed to repay all the deposits along with interest thereon and it is making all efforts to arrange the necessary resources required for this purpose.

Response to Point (3)

The matter has been evaluated and the Company is of the firm view that the diminution, if any, even if it exists is only temporary and that sufficient efforts are being undertaken to revive the said subsidiaries in the foreseeable future so as to recover carrying value of the investment. Further, management believes that the loans and advances given to these companies are considered good and recoverable based on the future projects in these subsidiaries and accordingly no provision other than those already accounted for, has been considered necessary.

Response to Point (4)

Advances for the purchase of land, projects pending commencement and to joint ventures and collaborators have been given in the normal course of business to land owning companies, collaborators, projects and for purchase of land. The management of the company based on the internal assessment and evaluations considers that these advances, which are in the normal course of business are recoverable/adjustable and that no provision is necessary at this stage. The management is confident of recovering/ appropriately adjusting the balance in due course.

Response to Point (5)

The Company has written a letter to GNIDA dated 1 December 2015, wherein it has stated that the cancellation of the lease deed is wrong, unjust and arbitrary. The Company has also described steps taken for implementation of the project, valid business reasons due to delays till date. Further, it had also proposed that in view of the fact that third party interests have been created by the Company in the allotted land, by