



unitech
ANNUAL REPORT
2017

HIGHLIGHTS 2016-17

- Total Standalone Income ₹ **11,551 million**
- Total Equity ₹ **83,620 million**
- Sales Bookings ₹ **8,510 million**
- Area Sold **2.75 million square feet**
- Area Launched **2.09 million square feet**
- Area Delivered **5.18 million square feet**
- Area of **33.16 million square feet** under development



INFOSPACE, KOLKATA

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 & Chief Financial Officer
Mr. Deepak Kumar Tyagi**

Vice President & Company Secretary
Mr. Deepak Jain#

Dy. General Manager & Company Secretary
Mr. Rishi Dev##

Auditors
M/s R. Nagpal Associates

UNITECH LIMITED

CIN: L74899DL1971PLC009720

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Saket, New Delhi-110017

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Sector 45, Block B, Greenwood City
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Website: www.unitechgroup.com

**Resigned w.e.f. 29th April 2017 | **Appointed w.e.f. 29th April 2017*

#Resigned w.e.f. 4th November 2016 | ##Appointed w.e.f. 4th November 2016.

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CHAIRMAN'S MESSAGE



Dear Shareholders,

As you all are aware that at present, challenging period for the real estate sector in India particularly for the residential property is still exists with little sign of improvement. This extended phase of slowdown is a cause for concern not only for the Investors but for the whole economy. In my view, joint efforts of both the Industry and the Government are required to revive the sector. Due to increased Non-performing Assets ("NPAs") especially in the Real Estate Sector, flow of fund into the sector has come to a standstill resulting into delay in delivery of projects. The Government must facilitate flow of funds to the sector and further streamline approval and sanction processes.

The India's GDP during 2016-17 was estimated at 7.1 per cent as compared to the 7.6 per cent in 2015-16. RBI has also been gradually reducing the interest rates. Due to demonetisation Growth in Gross Value Added (GVA) in the fourth quarter FY17 was 5.6% versus 8.7% in the corresponding quarter in the previous fiscal, GVA for construction sector for the FY 2017 was at 1.7% versus the 5% recorded in FY16, while for real estate sector GVA for the entire FY17 stood at 5.7% as

compared to 10.8% registered in FY16.

FY 2016-17 was an eventful year for transformational journey of the real estate sector in India, witnessing demonetisation of high value currency notes, enactment of landmark legislation viz. Real Estate (Regulation and Development) Act, 2016 [RERA], better incentives for affordable housing e.g. Pradhan Mantri Awas Yojana (PMAY), Credit-Linked Subsidy Scheme (CLSS) and reforms like Goods and Services Tax [GST] regime. While the above reforms introduced during the year under review are significant, the Government should take into account the necessity to ease the transition, especially in a competitive market economy, by acting as an enabler and facilitator even while exercising strict regulatory control.

During the year under review, your Company's primary 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 5.18 million sqft as against 3.99 million sqft during the previous year. Despite the adverse conditions handing over in 56 projects across regions is in progress. 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. Primarily Non-residential part has generated cash for the Company, as the Company has sold 2.24 mn sq ft commercial space out of total 2.75 mn sq ft total area during FY 2017.

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

BOARD REPORT

Dear Members,

Your Company's Directors are pleased to present the 46th Annual Report and the Audited Financial Statements of the Company for the year ended 31st March, 2017.

FINANCIAL RESULTS

The Financial Performance of the Company for the year ended 31st March, 2017 is summarized below:

(Amount in ₹ Crore)

	2016-17	2015-16
Revenue from Operations and Other Income	1,155.09	1,332.01
<i>Less: Expenses</i>		
Construction & Real Estate Project Expenditure	870.71	1,011.08
Cost of Land sold	65.45	279.54
Changes in inventories of finished goods , work in progress	29.99	(117.67)
Employee benefits expense	86.98	109.85
Finance Cost	346.66	299.09
Depreciation and amortization expense	3.94	4.49
Other Expenses	31.56	51.75
Total Expenses	1,435.29	1,638.13
Profit/ (Loss) before Tax	(280.20)	(306.12)
<i>Less: Tax Expense</i>		
i) Current	-	61.46
ii) Deferred tax (net)	(89.31)	(94.22)
Profit/ (Loss) for the year	(190.89)	(273.36)

There were no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the Financial Statements relate and the date of report, other than the ones already provided or stated in the Financial Statements.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY AFFAIRS

The total income of the Company for the year under review is ₹1,155.09 Crore. The Loss before tax stood at ₹280.20 crore and Loss after tax stood at ₹190.89 Crore. On consolidated basis, the total income of the Company and its subsidiaries stands at ₹1795.26 Crore. The consolidated loss before tax stood at ₹527.83 crore and loss after tax stood at ₹402.67 Crore. The earnings per share (EPS) on an equity share having face value of ₹2, stands at ₹(0.73) considering the total equity capital of ₹523.26 Crore.

On consolidated basis, the real estate and related division contributed ₹1206.56 crore in the revenues of the Company,

whereas the contribution from the Property Management business was ₹134.54 crore and from the Transmission Towers business was ₹357.67 Crore. Hospitality contributed the revenue of ₹36.73 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 launched totaling an area of 2.09 million sq.ft. The Company achieved sales bookings for a total area of 2.75 million sq.ft. during 2016-17 valued at ₹ 851 crore. In terms of total area sold in 2016-17, 2.36 million sq.ft. was sold in Gurugram, 0.06 million sq.ft. in Noida & Greater Noida, 0.07 million sq.ft. in Chennai, 0.05 million sq.ft. in Kolkata and 0.21 million sq.ft. in other cities.

In terms of segment wise sales, 18.5 % of the area sold was from the residential segment while 81.5 % was from non-residential. The average realization in 2016-17 from the non-residential segment was ₹ 3,007 per sq.ft. as compared to the residential segment's average realization of ₹ 3,477 per sq ft.

Project Execution and Delivery

Your Company delivered 5.18 million sq ft of completed area during the year and 67 % of the projects are in handing over/finishing stage across various regions of the country. As at 31st March, 2017, a total of 33.16 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

As your Company has incurred a net loss during the year under review, your Directors have not recommended any dividend for the year ended 31st March, 2017.

BOARD REPORT

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, its subsidiaries, associates and joint ventures provided in the Annual Report are prepared in accordance with the provisions of the Companies Act, 2013 ("the Act") read with Ind AS 110 - 'Consolidated Financial Statements' read with Ind AS 28 - 'Investment in Associates' and Ind AS 31 - 'Interest in Joint Ventures'.

SUBSIDIARIES, JOINT VENTURES & ASSOCIATES

Pursuant to first proviso to Section 129(3) of 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 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, the status of Unitech Buildcon Pvt. Ltd. has been changed from subsidiary to wholly owned subsidiary of the Company. Further, during the year under review, Pinnacle Holdings Ltd. ceased to be subsidiary of QnS Facility Management Pvt. Ltd., a wholly owned subsidiary of the Company.

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 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	Chief Financial Officer [upto 29 th April 2017]
5.	Mr. Deepak Kumar Tyagi	Chief Financial Officer [w.e.f. 29 th April 2017]
6.	Mr. Deepak Jain	Company Secretary [upto conclusion of Board Meeting held on 4 th November 2016]
7.	Mr. Rishi Dev	Company Secretary [w.e.f. conclusion of Board Meeting held on 4 th November 2016]

DIRECTORS

In accordance with the provisions of Section 152 of the Act and rules made there under, Ms. Minoti Bahri, Non-Executive Director (DIN:00004530), retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. The Directors recommend re-appointment of Ms. Minoti Bahri at the ensuing Annual General Meeting.

Since last Board Report, in 45th Annual General Meeting (AGM) of the Company, Maj. Gen. Virender Kumar Bhutani (Retd.) (DIN-03487268) has been appointed Independent Director on the Board for a period of five years w.e.f. 30th May, 2016, on non-rotational basis.

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, six 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 under 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.

BOARD REPORT

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.

During the year, SEBI has issued a guidance note in order to guide listed entities by elaborating various aspects of Board evaluation. The guidance note covers all major aspects of Board Evaluation including the following:

- a. Subject of Evaluation i.e. who is to be evaluated;
- b. Process of Evaluation including laying down of objectives and criteria to be adopted for evaluation of different persons;
- c. Feedback to the persons being evaluated;
- d. Action Plan based on the results of the evaluation process;
- e. Disclosure to stakeholders on various aspects;
- f. Frequency of Board Evaluation;
- g. Responsibility of Board Evaluation and
- h. Review of the entire evaluation process periodically.

The purpose of the Guidance Note is to educate the listed entities and their Board of Directors about various aspects involved in the Board Evaluation process and improve their overall performance as well as corporate governance standards to benefit all stakeholders. The Nomination & Remuneration Committee had formulated/modified the existing Criteria of Evaluation in line with the aforesaid guidance note.

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 31st March, 2017, 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 of affairs of the Company as at 31st March, 2017 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 adequate system of internal controls commensurating with the size of its operation and business, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and to ensure that all the business transactions are authorized, recorded and reported correctly and adequately.

The Company works in a dynamic business environment and adopts the appropriate internal financial controls, to establish reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with the generally accepted accounting principles. It includes inducting and maintaining such business policies and procedures as may be required to successfully conduct the business of the company and maintain such records as to correctly record the business transaction, assets and liabilities of the company in such a way that they help in prevention & detection of frauds & errors and timely completion of the financial statements.

The construction industry is passing through a challenging phase and the Company is no exception. The top management of the Company, to utilize the available resources efficiently has decided to engage itself more with the operations of the Company. The Company is further enhancing/ strengthening the internal financial reporting with respect to significant business control, risk management processes etc.

The Company's internal controls are further supplemented by internal audits, management review and documented policies, procedures & guidelines. The internal control system is designed to ensure that financial records are reliable for preparing financial information and recording of assets.

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

BOARD REPORT

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 R. Nagpal Associates, Chartered Accountants (Firm Registration No. 002626N) were appointed, in the Annual General Meeting held on 12th September 2016, for a term of consecutive five years from the conclusion of 45th Annual General Meeting till the Conclusion of 50th Annual General Meeting (subject to ratification by the members at every subsequent Annual General Meeting).

Accordingly the Audit Committee and the Board of Directors have recommended for ratification of appointment of M/s R. Nagpal Associates, Chartered Accountants (Firm Registration No. 002626N) for the FY 2017-18, by the members at the ensuing Annual General Meeting.

Auditors' Report

A) The Auditors' in their Report to the members, have given five 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 the significant portion of such trade receivables balance outstanding are still recoverable/adjustable and that no accrual for diminution in value of trade receivables, other than the ones already provided in the books of accounts; is therefore necessary for the period ending 31st March, 2017. The Management closely monitors its credit exposure and 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 is 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 NCLT (including the ones passed by CLB) and NCLAT to repay all the public deposits along with interest thereon in the course of time period.

The company has already 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 Company periodically assesses and evaluate its investments, loans and advances. 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. Periodically the management assesses the recoverability of such advances. 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 allotting plots to different allottees, in the interest of such allottees, GNIDA may allow the Company to retain an area of approximately 25 acres out of the total allotted land of approx. 100 acres and that the amount paid by the Company till date may be adjusted against the price of the land of 25 acres and remaining surplus amount may be adjusted towards dues of other projects of the Company under GNIDA. The discussions/ negotiations and the legal recourse process are currently underway. The management is of the concerned view that in view of the recent developments, in spite of the aforesaid letter, no provisioning of the investment made in the project is required.

B) The Auditors' in their report to the members, have stated two "Emphasis of matter" and the response of your Directors on them are as follows:-

Response to Point (1)

The Company filed a writ petition before Hon'ble High Court of Punjab & Haryana challenging the termination of development agreement. The matter was referred for arbitration and the matter is pending adjudication before the panel of three arbitrators. The Company has concluded its

BOARD REPORT

evidence. The Company has a good case and accordingly no provision has been considered necessary.

Response to Point (2)

Based on the legal advice received by it, the Company believes that the said award of LCIA and order of the Hon'ble Delhi High Court is not enforceable in India on various grounds including but not limited to lack of jurisdiction by the LCIA appointed arbitral tribunal. The Hon'ble High Court of Delhi has passed an order in the case instant. On the basis of legal advice received, the Company is sanguine & strongly believes that its stand taken in this matter will be vindicated in the Hon'ble Supreme Court. The Company is preparing for filing the SLP in the Hon'ble Supreme Court against the said Order of the Hon'ble High Court of Delhi. Nevertheless, in case if the Company is required to make the aforesaid investment into Kerrush Investments Ltd. (Mauritius), its economic interest in the SRA project in Santacruz Mumbai shall stand increased proportionately thereby creating a substantial asset for the Company with an immense development potential.

C) Further, the Board gives the following explanations, to the comments of the Auditors' in para 1 (g) to Report on Other Legal and Regulatory Requirements:-

The Company has sought legal opinions from its legal advisors, with respect to the matured unpaid debentures and public deposits outstanding at Balance Sheet date. Based on the same, the Board is of the view that the provisions of Section 164(2) (b) of the Companies Act, 2013 does not attract.

D) Further, the Board also gives the following explanations, to Qualified Opinion of the Auditors' in the Annexure A to Auditors' Report to the members:-

1. 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.

a. Following the norms prevailing in the real estate industry the Company does not ascertain the credit worthiness of customers. The Company maintains the due and mandated KYC norms of the customers. The Company takes a good amount of the overall purchase price of the customer as an advance at the time of booking, and should in case, if the customer fails to pay

the due amount, the Company can forfeit the amount, already paid by the customer. The risk is further reduced where the property purchased by customer if financed by any bank/ NBFC. The said Bank/ NBFC do their routine credit check of the customer and thus the Company is not exposed to any credit risk for not ascertaining the credit worthiness of customers.

b. The advances for the purchase of land, projects pending commencement and to the joint ventures and collaborators are given in the normal course of business to land owning Companies, collaborators, projects and for the purchase of land. The Company keeps a watch on how this amount is utilized ultimately. The management of the Company based on the internal assessment and evaluation considers that these advances, which are in the normal course of business, are recoverable/ adjustable. The Company has a process to advance such loans & advance and the management of the Company keeps a close watch on extending such loans & advance and their ultimate recovery.

c. The Company, as per the generally accepted accounting principles, duly provides for the diminished value of such loans & advances, where the recovery of such loan is doubtful. The management believes that the diminution in the value of investments, to the extent other than the value already reduced in the books of accounts, if any, that exists; is only temporary and that the sufficient efforts are being undertaken to revive the said subsidiaries in the foreseeable future so as to recover carrying value of the investment.

2. Project management and land management are the keys to the successful and timely completion of projects. The Company has focused attention to complete the existing projects and has aligns all its available resources for the execution of the projects. This dynamic approach requires re-alignment of the prevailing internal control relating to Project Management, Project Revenue and Land Management. Similarly to utilize its existing resources better, the company is re-aligns its processes relating to Land Management, Receivable Management, Litigations & Claims.

E) Further, the Board also gives the following explanations, to comments of the Auditors' in the Annexure B to Auditors' Report to the members:-

Response to Point (iii)(a)

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,

BOARD REPORT

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 (v)

The Company is 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 NCLT (including the ones passed by CLB) and NCLAT to repay all the public deposits along with interest thereon in the course of time period.

The Company has already earmarked 6 (six) unencumbered land parcels to 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 (vii)(a)

The Management is of the view that there are delays in the payment of income tax, service tax & provident fund. however, with improved business environment and particularly in the challenging Real Estate Industry, the Company will be able to meet its obligations in time. The Management is hopeful and committed to their level best to streamline the same in future.

Response to Point (viii)

The real estate sector, as a whole, is passing through tough time and your Company is also facing this heat. In this challenging phase, cash-flows of the Company have been adversely impacted and there were certain delays/defaults in timely repayment of dues (including interest) to Banks and financial institutions in respect of term loans and non convertible debentures. It is submitted that the Company endeavors to streamline its future operations and discharge the said liabilities in time.

Cost Auditors

The Board of Directors, on recommendation of the Audit Committee, has appointed M/s. M.K. Kulshrestha & Associates, Cost Accountants (Firm Registration No. 100209) as cost Auditors for the financial year 2017-18 to carry out the audit of cost records maintained by the Company. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for the financial year 2017-18 is subject to ratification by the shareholders of the Company.

Secretarial Auditors

Pursuant to provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has

appointed M/s. DR Associates, Company Secretaries (CP No. 714), to conduct the Secretarial Audit of the Company for the financial year 2017-18.

The Secretarial Audit Report (Form MR-3) is annexed as **Annexure II** forming part of this Report.

The responses of your Directors on the observations made by the Secretarial Auditor are as follows:-

Response to Point No.1

The Company has sought legal opinions from its legal advisors, with respect to the matured unpaid debentures and public deposits outstanding at Balance Sheet date. Based on the same, the Board is of the view that the provisions of Section 164(2) (b) of the Companies Act, 2013 does not attract.

Response to Point No.2

The real estate sector is facing the heat of liquidity crunch and the Company is also going through this challenging time. The cash flows of the Company have been adversely impacted and there are delays in delivering projects and repayments of depositors and creditors. The same resulted in rise in litigations. The Company is trying hard to make timely repayments and deliveries and hopeful to get out of it soon.

Response to Point No.3

There are delays in the payment of income tax, service tax & provident fund. however, with improved business environment and particularly in the challenging Real Estate Industry, the Company will be able to meet its obligations in time. The Management is hopeful and committed to their level best to streamline the same in future.

Response to Point No.4

The Company is law abiding entity, and is endeavor to file all required forms and returns with the Registrar in time. However, there has been few delays which the management ensures to take care in future.

RISK MANAGEMENT

In the Company, a well defined risk management mechanism is in place. The Objective of the mechanism is to identify the various inherent risks in the process and advance actions to be taken to mitigate it. A detailed exercise is carried out to identify, evaluate, monitor and manage both business and non-business risks.

The Company has a Risk Management Policy to identify and assess the key risk areas, mitigating risk, monitor and report effectiveness of the process and control.

VIGIL MECHANISM

Pursuant to Section 177(9) of the Act read with relevant Rules and Regulation 22 of the Listing Regulations, the