

DIRECTORS' REPORT

Dear Members,

Your Company's Directors are pleased to present the 43rd Annual Report and the Audited Financial Statements of the Company for the year ended 31st March, 2014.

FINANCIAL RESULTS

The Financial Performance of the Company for the year ended 31st March, 2014 is summarized below:

(Figures in ₹ million)

	2013-14		2012-13	
Total Income		21525.65		15264.44
Less: Operating Expenses		17459.26		9500.67
Profit before Interest, Depreciation, Extraordinary Items and Tax		4066.39		5763.77
Less: i) Interest	2742.22		3043.86	
ii) Depreciation	65.65	2807.87	55.98	3099.84
Profit before Extraordinary Items and Tax		1258.52		2663.93
Less: Extraordinary Item		0.00		345.00
Profit before Tax		1258.52		2318.93
Less: Provision for Tax				
i) Current	520.32		980.33	
ii) Earlier year Tax	0.00		85.19	
iii) Deferred	(50.48)	469.84	(266.35)	799.17
Profit after Tax		788.68		1519.76
Balance carried over to Balance Sheet		788.68		1519.76

FINANCIAL HIGHLIGHTS AND OPERATIONS

The total income of the Company for the year under review is ₹ 21,525.65 million. The Profit before tax stood at ₹ 1,258.52 million and Profit after tax stood at ₹ 788.68 million. On consolidated basis, the total income of the Company and its subsidiaries stands at ₹ 30,999.07 million. The consolidated profit before tax (PBT) stood at ₹ 1031.76 million and after tax (PAT) stood at ₹ 697.41 million. The earnings per share (EPS), on an equity share having face value of ₹ 2/-, stands at ₹ 0.30 considering the total equity capital of ₹ 5,232.60 million.

On consolidated basis, the real estate and related division contributed ₹ 22,698.19 million in the revenues of the Company, whereas the contribution from the Property Management business was ₹ 1,265.50 million and from the Transmission Towers business was ₹ 3,862.02 million. Hospitality and other segments contributed the balance revenues of ₹ 1,507.47 million.

KEY HIGHLIGHTS OF THE BUSINESS AND OPERATIONS

Some of the key highlights pertaining to the business of the Company, including its subsidiaries and joint venture companies, for the year 2013-14 and period subsequent thereto are given hereunder:

New Project Launches and Sales

During the year 2013-14, your Company launched new projects totalling an area of 5.81 million sqft across different cities in India. Of the total area launched in 2013-14, 1.63 million sqft was launched in Gurgaon, 2.37 million sqft in Noida and Greater Noida, 0.61 million sqft in Chennai and 1.19 million sqft in other cities.

The Company received sales bookings for a total area of 2.33 million sqft during 2013-14 valued at INR 1502 Crores. In terms of area sold, with a share of 42.0% Gurgaon had the largest share of sales followed by Noida and Greater Noida with 36.3%, Kolkata with 8% and Chennai with 4.9% share. Other cities contributed the balance. In terms of segment wise sales, 73% of the area sold was from the residential segment while 27% was from non-residential. However, the non-residential segment has a higher average realization of INR 8,700 per sqft compared to the residential segment's average realization of INR 5,628 per sqft.

Project Execution and Delivery

Your Company delivered over 2.95 million sqft of completed property during the year and handing over is in progress in 36 projects across regions. The Company currently has nearly 100 ongoing projects covering a total of 38.41 million sqft of area to be constructed and delivered in the coming years. In order to efficiently execute the much higher scale of projects across markets, the Company is substantially upgrading its operations. In 2013-14, the Company also focused on its construction division and expended a lot of effort into further enhancing the Company's internal execution capabilities.

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

No dividend has been proposed for the year ended 31st March, 2014.

SUBSIDIARIES

A statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary Companies is attached to the accounts. In view of the general exemption granted by the Ministry of Corporate Affairs vide its circular No. 02/2011 dated 8th February, 2011, the audited annual accounts and reports of Board of Directors and Auditors of subsidiaries have not been annexed to this Annual Report. The Company has complied with the requirements as prescribed under the said circular.

DIRECTORS' REPORT

The audited annual accounts and related information of the subsidiaries 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.

CONSOLIDATED FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements of the Company are prepared in accordance with the 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', notified under Section 211(3C) of the Companies Act, 1956 read with Accounting Standards Rules as applicable.

DIRECTORS

As per provisions of the Companies Act, 2013 and rules made thereunder, Mr. G.R. Ambwani, Mr. Sanjay Bahadur, Mr. Ravinder Singhania and Mr. Anil Harish are proposed to be appointed as Independent Directors w.e.f. 1st April 2014, for consecutive period of five years, at the ensuing Annual General Meeting.

As per Companies Act, 2013 now onwards Independent Directors are not liable to retire by rotation whereas Mr. Ajay Chandra, Mr. Sanjay Chandra and Ms. Minoti Bahri, Directors of the Company are liable to retire by rotation. Ms. Minoti Bahri, Non-Executive & Non-Independent Director, being longest in the office, retires at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

The brief resume of the Directors being appointed/ re-appointed, the nature of their expertise in specific functional areas, names of companies in which they hold directorships, committee memberships/ chairmanships, their shareholding etc. are furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

The Directors recommend their appointment/re-appointment at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- i) in the preparation of the Annual Accounts for the financial year ended 31st March, 2014, the applicable accounting standards had been followed alongwith proper explanation relating to material departures,
- ii) 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 at the end of the financial year and of the profit of the Company for that period;

- iii) 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;
- iv) the Directors had prepared the Annual Accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report as stipulated under Listing Agreement is given separately forming part of this Report.

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance and the certificate from M/s Sanjay Grover and Associates, Company Secretaries confirming compliance with the conditions of Corporate Governance forms part of this report.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. Goel Garg & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed.

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

The advances of ₹ 7,718,890,401 (previous year ₹ 9,248,788,996) were given in the normal course of business for the purchase of land, projects pending commencement, joint ventures and collaborators. The management has already recovered/ adjusted ₹ 8,355,415,561 during last two years which itself reflects a significant reduction of around 52% in two years. Your management is confident of recovering/ adjusting the balance advances within reasonable time.

- 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 (i)

- The management does not consider any adjustment in respect of the balance of short term loans aggregating to ₹ 4,296,647,377 and investments aggregating to ₹ 275,323,078 because the matters are sub-judice and the management is hopeful of recovery of the same.

Response to Point (ii)

- The Committee of Directors accorded its consent for closure of Branch Office at Singapore in its

DIRECTORS' REPORT

meeting dated 4th March, 2014. Currently there is no employee in Singapore branch. However, management is taking due care to get accounts of Singapore branch audited.

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

- Refer point (vi) of the Annexure to the Auditors' Report to the members – The Real Estate sector, as a whole, is passing through testing times and the Company is also facing this heat. As a result, there was non-maintenance of liquid assets as required vide provisions of Rule 3A of Companies (Acceptance of Deposits) Rules, 1975. However, the Company's endeavor is to comply and maintain liquid assets to the prescribed requirement. Further, we state that the Company has issued cheques to all the deposit holders whose deposits were matured on or before 31st March, 2014 but remained uncleared in the Bank Reconciliation for which the Company is taking necessary steps.
- Refer point (xi) of the Annexure to the Auditors' Report to the members –

Your Company is recovering from a very challenging phase which has affected its cash-flows, creating temporary mismatch and the stretched liquidity positions during the previous year. It is therefore, during the said previous year, there were delays in timely repayment of dues (including interest) in respect of term loans and non-convertible debenture to Banks and financial institutions. We have been able to service project-linked loans with escrow arrangements. It is further submitted that the things are slowly witnessing improvements and your Company is regularizing the payments and is also exploring various options of discharging the said liabilities. Your company is committed to better times ahead and is hopeful of an improved business prospects in coming years.

Branch Auditors

During the year, the Board has decided and accorded its consent for the closure of Dubai and Singapore Offices.

Pursuant to resolution approved by members in their 42nd Annual General Meeting, the Board shall appoint/re-appoint, the Auditors for Libya Branch Office after consultation with the Statutory Auditors.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Since the Company does not own any manufacturing facility, the requirements pertaining to disclosure of particulars relating to conservation of energy, research and

development and technology absorption, as prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is engaged in developing/constructing residential and commercial properties in India and selling the immovable properties to customers in India and abroad. The Company receives remittances of sale consideration for immovable properties located in India, purchased by the customers abroad.

The foreign exchange earnings and expenditures of the Company during the year under review were NIL and 53.33 million as compared to 207.34 million and 175.68 million in the previous year respectively.

FIXED DEPOSITS

Your Company has Fixed Deposits to the tune of Rs. 6,030.67 million as on 31st March, 2014. 2335 deposits aggregating Rs.115.37 million were due for renewal/repayment on or before 31st March, 2014 against which no communication was received from the deposit holders.

PARTICULARS OF EMPLOYEES

Statement of particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 and rules framed thereunder forms part of this report. However, in pursuance of Section 219(1)(b)(iv) of the Companies Act, 1956, this report is being sent to all shareholders of the Company, excluding the aforesaid information and the said particulars are made available at the Registered Office of the Company. The members interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENTS

The Directors wish to place on record their deep sense of appreciation of the significant contribution made by each & every employee of the Company. The Directors are also thankful to depositors and all other stakeholders for their continued patronage.

For and on behalf of the Board of Directors

Ramesh Chandra
Chairman

Place: Gurgaon
Date: 28th May, 2014