



**R. NAGPAL ASSOCIATES**  
CHARTERED ACCOUNTANTS

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Independent Auditor's Report On the Year to Date Standalone Financial Results of Unitech Limited pursuant to Regulations 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

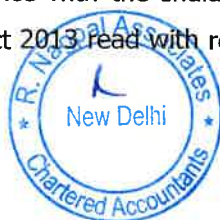
**To the Board of Directors,  
UNITECH LIMITED**

1. *Unitech Limited ("the Company") failed to hold its Annual General Meeting (AGM) due on or before 30<sup>th</sup> September 2018, pursuant to section 96 of the Companies Act, 2013, to transact the agenda including the approval of Accounts for the year ended 31<sup>st</sup> March 2018. The Company applied to the Registrar of Companies, NCT of Delhi & Haryana, for extension of period by three months for holding the AGM, but the same was rejected. The said AGM has not yet been held as of date. However, in view of the fact that audit had been conducted by us for the financial year 2017-18 and also the report was issued by us on the Accounts duly approved by the Board & signed by the directors as stipulated under the Companies Act, 2013, we had proceeded with the audit engagement of the subsequent year i.e. year ended 31<sup>st</sup> March 2019 taking the opening balances from the audited Balance Sheet of year ended 31<sup>st</sup> March 2018 duly approved by the Board. Subsequently, in view of the fact that audit had been conducted by us for the financial year 2018-19 and also the report was issued by us on the Accounts duly approved by the Board & signed by the directors as stipulated under the Companies Act, 2013, we have proceeded with the audit engagement of the subsequent year i.e. year ended 31<sup>st</sup> March 2020 taking the opening balances from the audited Balance Sheet of year ended 31<sup>st</sup> March 2019 duly approved by the Board. Needless to mention that the AGM due on or before 30<sup>th</sup> September 2019, pursuant to section 96 of the Companies Act, 2013, to transact the agenda including the approval of Accounts for the year ended 31<sup>st</sup> March 2019 has not been held by the Company.*
2. The Hon'ble Supreme Court vide its order dated 20<sup>th</sup> January 2020 has, *inter alia*, given directions that the Board of Directors of Unitech Limited, as existing on that date, be superseded with immediate effect in order to facilitate the taking over of management by the new Board of Directors constituted in terms of the proposal submitted by the Union Government of India. We have made references to the Resolution Framework (RF) for Unitech group which



has been prepared under the directions of the Board of Directors of Unitech Limited appointed by the Central Government pursuant to the afore-said order of the Hon'ble Supreme Court and approved by the Board of Directors in their Meeting held on June 17, 2020, and which has been filed with the Hon'ble Supreme Court. Subsequent corrections/modifications have been done in the RF and approved by the Company's Board in their meeting held on September 10, 2020. However, the modified RF has not yet been filed with the Hon'ble Supreme Court. The RF contains various proposals like determining admitted liabilities & claims, proposing non-payment of penalty, Interest, default Interest or damages to creditors, stakeholders, homebuyers, landowners, leaseholders or any Authority, detailing the resolution framework for company's projects, detailing the resolution framework for non-project assets etc. The RF seeks various reliefs and concessions like (a) Homebuyers' Credit Lines, (b) Immunity for the Board, their appointed key management personnel, employees, advisors and consultants for any action taken by them in good faith, (c) Grant of benefits to the Company, its subsidiaries and joint ventures and Project Entities of protections similar to section 32A of the Insolvency and Bankruptcy Code, 2016, (d) Priority Finance and other borrowings for implementation of the Framework, and (e) Tax related reliefs and concessions. Besides the RF also seeks some specific directions like imposition of moratorium, consolidation of Unitech Group, no-requirement of registration under RERA, amongst others. As the RF has not yet been approved by the Hon'ble Supreme Court, the impact of the proposed reliefs, concessions etc. will be considered at that point of time.

3. We were engaged to audit the accompanying statement of standalone financial results/statements of the Company for the quarter ended 31<sup>st</sup> March 2020 and for the year from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") as amended, read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').
4. The standalone financial results for the quarter ended 31<sup>st</sup> March, 2020 are the derived figures between the audited figures in respect of the year ended 31<sup>st</sup> March, 2020 and the published year-to-date figures upto 31<sup>st</sup> December 2019, being the date of the end of the third quarter of the current financial year, which was subject to limited review by us.
5. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been compiled from the related standalone financial statements which have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act 2013 read with relevant rules issued thereunder and



other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone financial statements.

6. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results/statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our disclaimer of opinion on the Statement, on matters mentioned in para 7(a) to 7(j) below.

7. We draw attention to the following:

a) The Company had received a 'cancellation of lease deed' notice from Greater Noida Industrial Development Authority ("GNIDA") dated 18 November 2015. As per the Notice, GNIDA cancelled the lease deed in respect of Residential/Group Housing plots on account of non-implementation of the project and non-payment of various dues amounting to Rs.105483.26 lakhs. As per the notice, and as per the relevant clause of the bye-laws/contractual arrangement with the Company, 25% of the total dues amounting to Rs.13893.42 lakhs were to be forfeited out of the total amount paid till date. The Company has incurred total expenditure of Rs.213962.69 lakhs [comprising of (i) the amounts paid for land dues and stamp duty Rs.34221.90 lakhs, (ii) the balance portions of the total amounts payable, including contractual interest accrued till 31st March 2016, of Rs.99091.90 lakhs; and (iii) other construction costs amounting to Rs. 80650.70 lakhs]. The said land is also mortgaged and the Company has registered such mortgage to a third party on behalf of lender for the Non-Convertible Debenture (NCD) facility extended to the Company and, due to default in repayment of these NCDs, the debenture holders have served a notice to the Company under section 13(4) of the SARFAESI Act and have also taken notional possession of this land. The Company had contractually entered into agreements to sell with 397 buyers and has also received advances from such buyers amounting to Rs 6682.10 lakhs (net of repayment). No contract revenue has been recognized on this project. The erstwhile management had written a letter to GNIDA dated 1<sup>st</sup> December 2015, wherein it had stated that the cancellation of the lease deed was wrong, unjust and arbitrary. Further, the said erstwhile management had also described steps taken for implementation of the project and valid business reasons due to delays till date. Further, the said erstwhile management 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 should allow the Company to retain an area of approximately 25 acres out of the total allotted land of approximately 100 acres and that the amount paid by the Company till date 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.

GNIDA has, in the meanwhile, in terms of the Order of the Hon'ble Supreme Court dated 18.09.2018, deposited on behalf of the Company, an amount of Rs.7436.35 lakhs (Rs 6682.10 lakhs and interest @ 6% on the principal amount of Rs 6682.10 lakhs), out of the monies paid by the Company, with the registry of the Hon'ble Supreme Court.

During the year, GNIDA has adjusted Rs.9200.00 lakhs of Unitech group's liabilities towards the Company's other projects with GNIDA and forfeited Rs.13893.42 lakhs.

The Company had paid a sum of Rs.34221.90 lakhs, including Rs 4934.95 lakhs of stamp duty on the land for the said land.

The matter in respect of the land is still pending before the Hon'ble High Court of Allahabad, and pending the final disposal, the Company has, subsequently, shown the amount of Rs.18339.80 lakhs as recoverable from GNIDA in its books of account. Further, the Company is also carrying other construction costs amounting to Rs. 80650.70 lakhs in respect of the projects to come up on the said land.

The impact on the accounts viz. inventory, projects in progress, customer advances, amount payable to or receivable from GNIDA, cannot be ascertained, since the matter is still sub-judice, as mentioned hereinabove, vis-à-vis dues of the Company, and hence we are unable to express an opinion on this matter.

We had given a disclaimer of opinion on the standalone financial statements for the year ended 31<sup>st</sup> March, 2019 in respect of this matter.

- b). Confirmations/reconciliations are pending in respect of amounts deposited by the Company with the Hon'ble Supreme Court. As per books of account an amount of Rs.45,800.63 lakhs deposited with the Hon'ble Supreme Court Registry ("Registry") is outstanding as at 31st March 2020. Certain transactions have been made from the Registry viz. payments mainly towards refunds given to some of the Company's home buyers, payments made to fixed deposit holders, payments made to ex-employees, amounts paid to the Company for meeting construction expenses, payments made to forensic auditors out of interest accrued, and amounts paid to the amicus curiae towards reimbursement of expenses. Due to non-availability of any statement of account from the Registry, these transactions have been recorded by the Company in its books of account on the basis of limited information available and the amount of Rs.45,800.63 lakhs has been accounted for under the head "Other Assets" in the standalone financial statements. Moreover, there would be significant amount of interest income accrued on the aforesaid deposits which are not accounted for in the books due to non-availability of details. The management has requested the learned amicus curiae to provide the relevant bank statement and balance confirmations. The final reconciliation can take place only after receipt



of the same. In the absence of detailed statement of transactions and confirmation of balance from the Registry, we are unable to comment on the completeness and correctness of amounts outstanding with the Registry and of the ultimate impact these transactions would have on the standalone financial statements of the Company, and hence we are unable to express a conclusion on this matter.

We had given a disclaimer of opinion on the standalone financial statements for the year ended 31<sup>st</sup> March, 2019 in respect of this matter.

- c). According to information available and explanations obtained, in respect of (a) non-current investments (Long term Trade investments) aggregating to Rs.141,715.01 lakhs in subsidiaries and (b) loans and advances aggregating to Rs.398,051.65 lakhs (net of bad & doubtful) given to these subsidiaries for acquisition of land on behalf of the company, it has been observed from the perusal of the financial statements of these subsidiaries/companies that some of these subsidiaries/companies have accumulated losses and their respective net worth have been fully/substantially eroded. These conditions, along with absence of clear indications or plans for revival, in our opinion, indicate that there is significant uncertainty and doubt about the recovery of the loans and advances from these subsidiaries by way of sale of land and recoverability of other assets. Further, there is a clear indication that there is a decline in the carrying amount of these investments which is other than temporary.

Consequently, in terms of stated accounting policies and applicable accounting standards, and due to the fact that the realizable value of assets, mainly comprising of investment directly or indirectly in land, of some of these subsidiaries is far lesser than the advance given to/investment made by the Company in these subsidiaries, the diminution in the value of such investments, which is other than temporary, is estimated to be Rs. 30,856.35 lakhs upto 31st March 2020 (Previous year ended 31st March, 2019 - Rs.27,113.69 lakhs(net of impairment loss provided)) and the accrual for diminution of doubtful loans and advances is estimated to be Rs. 41,776.41lakhs upto 31st March 2020 (Previous year ended 31st March, 2019 - Rs.27,221.97 lakhs), and such diminution aggregating to Rs. 72,632.77 lakhs needs to be accounted for.

In the absence of significant developments/movements in the operations of these parties and any adjustment for diminution of carrying value of such investments in this regard (except for those adjustments for diminution already provided for as mentioned hereinabove), in our opinion, management has not adequately or sufficiently accounted for the imminent diminution. Moreover, looking at the size of the land in these subsidiaries, their sale-ability, and uncertainty as to whether such land can be realized at their respective circle rates or more, it is indeterminate as to what extent of further losses can be expected, and hence we are unable to express a conclusion on this matter.





We had given a disclaimer of opinion on the standalone financial statements for the year ended 31<sup>st</sup> March, 2019 in respect of this matter.

The Company has, at the year end, provided for diminution in the value of such investments to the extent of Rs. 21,645.17 lakhs in the standalone financial statements.

- d). The Company has failed to repay deposits accepted by it including interest thereon in respect of the following deposits:

Particulars	Unpaid matured deposits (Principal amount) as at 31 <sup>st</sup> March 2019 (Rs. lakhs)	Transferred from Stale Cheque account (Rs. Lakhs)	Principal paid during the current year (Rs. lakhs)	Unpaid matured deposits (Principal amount) as at 31 <sup>st</sup> March 2020 (Rs. lakhs)
Deposits that have matured on or before March 31, 2017	53,014.17	3,722.03	(103.80)	56,632.40

The total unpaid interest as on 31<sup>st</sup> March 2020 (including interest not provided in the books) amounts to Rs. 39,190.94 lakhs (excluding transfer from stale cheque account).

Further, the Company has not provided for interest payable on public deposits which works out to Rs.7,080.37 lakhs for the current year ended 31<sup>st</sup> March 2020 (Cumulative upto 31<sup>st</sup> March 2020 – Rs.21,309.23 lakhs). Such un-provided interest payable has been worked out on the outstanding public deposits in the books of account, without considering the unidentified repayments made by the Hon'ble Supreme Court as mentioned in Para 7(b) above.

Pursuant to Section 74(2) of the Companies Act, 2013, the Company had made an application to the Hon'ble Company Law Board (CLB)(subsequently replaced by the Hon'ble National Company Law Tribunal, New Delhi) seeking extension of time for repayment of the outstanding public deposits (including interest thereon) as is considered reasonable. The Company had identified and earmarked 6 (six) unencumbered land parcels for sale and utilization of the sale proceeds thereof for repayment of the aforesaid outstanding deposits. However, during the financial year 2016-17, the Hon'ble National Company Law Tribunal, New Delhi (NCLT) vide its order dated 04.07.2016 dismissed the said application. On appeal against the said order, the Hon'ble National Company Law Appellate Tribunal, New Delhi (NCLAT) vide its order dated 03.11.2016 extended the date of repayment of deposits upto 31.12.2016. Subsequently, the said appeal was also disposed off by the Hon'ble NCLAT vide its order dated 31.01.2017 without granting any further extension of time. As explained to us, the Company has made best possible efforts for sale of the land parcels earmarked for repayment of the deposits but such sale process has not yielded any results.

Considering that the erstwhile management had not been able to comply with the directions given by the Hon'ble CLB, NCLT and NCLAT to repay the deposits within prescribed time-period,



the Registrar of Companies, New Delhi had filed prosecution against the Company and its erstwhile management before the Ld. Special Court, Dwarka District Court, New Delhi. However, the Hon'ble High Court of Delhi had stayed the said prosecution, and had subsequently vide its order dated 22.01.2019, allowed the petitions filed by the Company and erstwhile management by setting aside & vacating the impugned Dwarka District court order dated 20.9.2016 with regard to summoning of the erstwhile management.

Few depositors had filed an intervention application before the Hon'ble Supreme Court in the pending matter of the erstwhile Managing Directors of the Company. Considering their application, the Hon'ble Supreme Court had, vide its order dated 30.10.2017, directed an amicus curiae to create a portal where the depositors could provide their requisite information and, accordingly, in compliance with this direction, a portal had been created for the depositors of the Company. Accordingly, the matter relating to delay in repayment to the depositors is presently pending before the Hon'ble Supreme Court. The Hon'ble Supreme Court, out of the proceeds collected into the designated account of its Registry out of sale of land and other properties of Unitech/its group, has made allocations of amount to be refunded to the public-deposit holders.

Subsequent to the new Board of Directors taking over the management, a resolution framework has been submitted to the Hon'ble Supreme Court by the Company, as mentioned in Para 2 above, for addressing the matters of home buyers, fixed deposit holders and others. At present the resolution framework is under the consideration of the Hon'ble Supreme Court. The final quantum of liability of these cases can be ascertained only upon the final decision by the Hon'ble Supreme Court.

Besides, the impact of non-provision of interest payable on public deposits of Rs.7,080.37 lakhs for the year ended 31st March 2020 on the profit and loss, we are unable to evaluate the ultimate likelihood of penalties/ strictures or further liabilities, if any on the Company. Accordingly, impact, if any, of the indeterminate liabilities on these standalone financial statements is currently not ascertainable, and hence we are unable to express an opinion on this matter.

We had given a disclaimer of opinion on the standalone financial statements for the year ended 31<sup>st</sup> March, 2019 in respect of this matter.

- e). Advances amounting to Rs.31,287.37 lakhs (net of provision for doubtful advances) (previous year ended 31st March, 2019 - Rs.48,359.64 lakhs (net of provision for doubtful advances)) are outstanding in respect of advances for purchase of land, projects pending commencement, joint ventures and collaborators which, as represented by the management, have been given in the normal course of business to land owning companies, collaborators, projects and for



purchase of land. As per information made available to us and explanations given to us Rs. Nil had been recovered / Rs.15,000.00 lakhs has been provided for doubtful advances during the current year.

We are unable to ascertain whether all the remaining outstanding advances, mentioned above, are fully recoverable/adjustable, since the said outstanding balances are outstanding/remained unadjusted for a long period of time, and further, in our opinion, neither the amounts recovered nor rate of recovery of such long outstanding amounts in the previous years & year, give an indication that all of the remaining outstanding amounts may be fully recoverable; consequently, we are unable to ascertain whether all of the remaining balances as at 31st March 2020 are fully recoverable. Accordingly, we are unable to ascertain or comment upon the impact, if any, on the loss or on the reserves or on value of asset, that may arise in case any of these remaining advances are subsequently determined to be doubtful of recovery, and hence we are unable to express an opinion on this matter.

We had given a disclaimer of opinion on the standalone financial statements for the year ended 31<sup>st</sup> March, 2019 in respect of this matter.

- f). There have been delays in the payment of dues of non-convertible debentures, term loans & working capital loans (including principal, interest and/or other charges as the case may be) to the lenders of the Company who have taken action against the Company for recovery of their dues, and the total of such outstandings amount to Rs.262,408.66 lakhs. The lenders have initiated action under the SARFAESI Act to take over the respective properties provided as security to the lenders. The Company has challenged the action of the lenders before the various forums of Debt Recovery Tribunals (DRT). We are unable to determine the impact of the likely outcome of the said proceedings before the DRT on the properties given as security to the lenders, and the corresponding loans and also unable to evaluate the ultimate likelihood of penalties/ strictures or further liabilities; and hence we are unable to express an opinion on this matter.

We had given a disclaimer of opinion on the standalone financial statements for the year ended 31<sup>st</sup> March, 2019 in respect of this matter.

- g). No direct confirmations were received from banks in respect of balance confirmations, though we had discussed with the Company to obtain the confirmations. With regard to loans and borrowings from certain lenders, direct confirmations could not be carried out as these lenders had taken action against the Company for recovery of their dues as mentioned in para 7(f) above. The management expressed its inability to send confirmation requests in respect of trade receivables, trade and other payables, & loans & advances given. Accordingly, we are unable to ascertain or comment upon the impact, if any, on the loss or on the reserves or on





the carrying amount of the asset/liability, that may arise in case any of these assets are subsequently determined to be doubtful of recovery and/or any of these liabilities may increase, and hence we are unable to express an opinion on this matter.

- h) According to information available and explanations obtained, in respect of
- (i) advances given to certain companies for purchase of shares aggregating to Rs. 31,079.48 lakhs,
  - (ii) investments in shares of certain companies aggregating to Rs. 31,025.45 lakhs,
  - (iii) investments in debentures of certain companies aggregating to Rs.1,512.18 lakhs,
  - (iv) inter corporate deposits given to certain companies aggregating to Rs. 13,853.66 lakhs,
  - (v) other advances given to/recoverable from certain companies/parties aggregating to Rs.11,103.58 lakhs, and
  - (vi) security deposits given to certain parties aggregating Rs.47,531.00 lakhs,

it has been observed that these advances/deposits/investments have been standing in the books for a long period of time, there being no movements in these advances. Due to non-availability of sufficient information with regard to the status of these items, we are unable to comment (i) on the realisability/recoverability or otherwise of these advances/deposits and (ii) on the decline, if any, in the carrying amount of these investments which is other than temporary, and the quantum thereof, and the ultimate impact on the financial statements, and hence we are unable to express an opinion on this matter.

- i) We draw attention to the Note 'Investment Property' in the standalone financial statements, in which the investment is carried at cost. We have been informed by the management that the carrying value of such investment is lower than the fair market value. However, in the absence of a current valuation report, the fair market value is indeterminate. Hence we are unable to express an opinion on the adjustment, if any, that would have to be made on the carrying value of such investment property, had such valuation been done, and the resultant impact on the reserves & surplus.

j) Material Uncertainty Related to Going Concern

The management has prepared these standalone financial statements on a going concern basis, notwithstanding the fact that, the Company has incurred losses, and has challenges in meeting its operational obligations, servicing its current liabilities including bank loans and public deposits. The Company also has various litigation matters which are pending before different forums, and various projects of the Company have stalled/slowed down.



As mentioned earlier, subsequent to the new Board of Directors taking over the management, a Resolution Framework has been submitted to the Hon'ble Supreme Court by the Company, as mentioned in Para 2 above, wherein the Company has requested the Hon'ble Supreme Court to grant numerous reliefs so that the Company is able to meet its operational obligations and settle its liabilities. The Board has also submitted in the RF that on the basis of review of records and finances of Unitech group as currently available, it appears that Unitech Group has significant negative net worth and may not be able to attract a resolution/ settlement under the Insolvency and Bankruptcy Code (IBC). At present the resolution framework is under the consideration of the Hon'ble Supreme Court.

These conditions indicate the existence of material uncertainty that may cast significant doubt about Company's ability to continue as a going concern. The appropriateness of assumption of going concern is critically dependent upon the Company's ability to raise finance and generate cash flows in future to meet its obligations, and also on the final decision of the Hon'ble Supreme Court on the Resolution Framework.

Considering the above, we are unable to express an opinion on this matter.

8. We draw attention to the following other matters:

a). The Hon'ble Supreme Court had vide its Order dated 08.09.2017 appointed an amicus curiae with directions to create a web portal where the home buyers could indicate their option of (i) refund of money they have paid to the Company/companies in the group, for purchasing residential units, or (ii) possession of house. The Hon'ble Supreme Court has started the process of giving refunds out of the amounts deposited by the Company with the court's registry and has ordered to issue partial refunds to those customers who have obtained a decree for refund from any judicial forum;

As mentioned earlier, subsequent to the new Board of Directors taking over the management, a resolution framework has been submitted to the Hon'ble Supreme Court by the Company, as mentioned in Para 2 above, for addressing the matters of home buyers, fixed deposit holders and others. At present the resolution framework is under the consideration of the Hon'ble Supreme Court. The final quantum of liability of these cases can be ascertained only upon the final decision by the Hon'ble Supreme Court.

The Company, out of abundant caution, has not included the inventory of these home buyers as unsold inventory and, till the final settlement of customers claims who have opted for refund, continues to show their corresponding advances as a current liability under 'Advance received from Customers'.



- b). We draw attention that no adjustment has been considered necessary for recoverability of investment in share capital/projects aggregating to Rs. 2,824.43 lakhs (Previous year ended 31st March, 2019 - Rs.2814.39 lakhs) as the matters are still sub-judice and the impact, if any is unascertainable at this stage.
- c). The Company had received an arbitral award dated 6th July 2012 passed by the London Court of International Arbitration (LCIA) wherein the arbitration tribunal has directed the Company to purchase the investment of Cruz City 1(a company owned by Lehman Bros.) in Kerrush Investment Ltd. (Mauritius) at the overall value of USD 298,382,949.34 (Previous year ended 31<sup>st</sup> March 2019- USD 298,382,949.34) equivalent to Rs.224,085.59 lakhs (Previous year ended 31<sup>st</sup> March 2019 - Rs.206,839.06 lakhs). The High Court of Justice, Queen's Bench Division, Commercial Court London had confirmed the said award.

Further, consequent to the order passed by the Hon'ble High Court of Delhi in the case instant, the company is required to make the aforesaid investment into Kerrush Investments Ltd. (Mauritius). The decree of the aforesaid amount against the company is pending for execution.

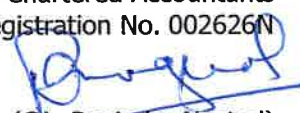
Based on the information obtained and review procedures performed, we are unable to assess whether the underlying SRA project in Santacruz, Mumbai would be substantial to justify the carrying value of these potential investments.

- d) A forensic audit of the Company was conducted as per directions of the Hon'ble Supreme Court, and the report on the forensic audit was submitted in a sealed envelope to the Hon'ble Supreme Court. We have been informed that the report on the forensic audit is not available with the Company or its Board of Directors; hence impact of observations in the forensic audit report can be ascertained only after the same is obtained.
- e) The company is carrying deferred tax asset (net) of Rs.24,306.11 lakhs in the standalone financial statements. In our opinion, in view of the management's representations in the Resolution Framework, and likelihood of low profitability of taxable profits in near future, the same should be reversed.
- f) The Excise & Taxation Officer-cum-Assessing Authority, Gurugram(East) has raised a demand of Rs.1891.73 lakhs for Assessment Year 2016-17 in terms of Order of assessment dated 11.02.2020 under the Haryana Value Added Tax Act, 2003. No appeal has been filed by the Company till date and liability for the said demand has not been accounted for in the standalone financial statements and hence the liabilities are understated to the extent of the aforesaid demand;



- g) The internal auditors appointed by the Company have resigned during the current financial year. Internal audit reports were not made available to us for the year.
- h) We did not audit the financial statements/information of Libya branch office, included in the standalone financial statements of the Company, whose financial statements/information reflect total assets of Rs.4,133.19 lakhs (Previous year Rs. 3941.37 lakhs) as at 31st March, 2020 and total revenues of Rs. NIL (Previous year Rs. NIL) for the year ended on that date, as considered in the standalone financial statements and described above. The financial statements/information of this branch have not yet been audited by the branch auditor due to the adverse political situation prevailing in Libya. As at 31<sup>st</sup> March 2020, the Company has made provision for non-receivable of assets and provision for write-back of trade liabilities in respect of the Libya branch office.
9. *Because of the substantive nature and significance of the matters described in paragraph 7(a) to 7(j) above, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on the Statement as to whether these standalone financial statements:*
- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- (ii) give a true and fair view of the net loss, total comprehensive income and other financial information for the quarter and year ended 31st March 2020.



For R. Nagpal Associates  
Chartered Accountants  
Firm Registration No. 002626N  
  
(CA. Ravinder Nagpal)  
Partner  
Membership No. 081594

Place: Gurugram

Date: 9-11-2020

UDIN-20081594AAAAIR4885

**Statement of Standalone Results**  
**for the Quarter & Year Ended March 31, 2020**

(Rs. in Lakhs except EPS)

Sl. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2020 Audited	31.12.2019 Unaudited	31.03.2019 Audited	31.03.2020 Audited	31.03.2019 Audited
1.	Revenue from Operation	2,857.20	66,628.22	28,630.32	114,466.21	50,803.44
2.	Other Income	895.89	274.80	1,806.26	3,798.13	2,652.93
3.	<b>Total Income ((1+2))</b>	<b>3,753.09</b>	<b>66,903.02</b>	<b>30,436.58</b>	<b>118,264.34</b>	<b>53,456.37</b>
4.	<b>Expenses</b>					
	Real estate, Construction and Related Expenses	23,636.43	49,475.44	27,526.48	105,519.20	52,036.66
	Changes in Inventories of finished properties, land, land development right and work in progress	182.40	-	81.30	330.22	336.75
	Employee Benefits Expense	1,122.83	1,245.17	1,376.27	4,914.80	5,768.95
	Finance Costs	24,130.10	9,108.70	20,419.31	50,746.98	42,681.61
	Depreciation and Amortisation Expense	62.10	56.18	215.75	230.13	449.70
	Other expenses	37,565.02	4,332.98	15,681.24	50,250.69	17,143.80
	<b>Total Expenses (IV)</b>	<b>86,698.88</b>	<b>64,218.47</b>	<b>65,300.35</b>	<b>211,992.02</b>	<b>118,417.47</b>
5.	<b>Profit/(Loss) from Operations before Exceptional Items &amp; Tax (3-4)</b>	<b>(82,945.79)</b>	<b>2,684.55</b>	<b>(34,863.77)</b>	<b>(93,727.68)</b>	<b>(64,961.10)</b>
6.	Exceptional Items	(21,645.17)	-	(6,878.65)	(21,645.17)	(6,878.65)
7.	<b>Profit/(Loss) before Tax (5+/-6)</b>	<b>(104,590.96)</b>	<b>2,684.55</b>	<b>(41,742.42)</b>	<b>(115,372.85)</b>	<b>(71,839.75)</b>
8.	<b>Tax Expense</b>					
	(a) Current Tax					
	Current Year	-	-	-	-	-
	Less : MAT credit entitlement	-	-	-	-	-
	Earlier Years	751.53	-	446.79	753.06	446.79
	(b) Deferred Tax	59.39	3.20	(5,617.78)	2,938.87	(5,554.94)
9.	<b>Net Profit from Ordinary Activities after tax (7+/-8)</b>	<b>(105,401.88)</b>	<b>2,681.35</b>	<b>(36,571.43)</b>	<b>(119,064.78)</b>	<b>(66,731.60)</b>
10.	Extraordinary items (Net of Tax Expense)	-	-	-	-	-
11.	<b>Net Profit for the Year (9+/-10)</b>	<b>(105,401.88)</b>	<b>2,681.35</b>	<b>(36,571.43)</b>	<b>(119,064.78)</b>	<b>(66,731.60)</b>
12.	Other Comprehensive Income (net of tax)	172.17	(10.34)	(4,782.63)	130.56	(4,791.14)
13.	<b>Total Comprehensive Income (11+/-12)</b>	<b>(105,229.71)</b>	<b>2,671.01</b>	<b>(41,354.06)</b>	<b>(118,934.22)</b>	<b>(71,522.74)</b>
14.	Other Equity excluding Revaluation Reserves				530,915.82	664,850.03
15.	Paid-up equity share capital (Face Value - Rs. 2 per share)	52,326.02	52,326.02	52,326.02	52,326.02	52,326.02
16.	<b>Earning Per share (Before Extraordinary Items)</b> <b>(of Rs. 2 each ) *( Not Annualised)</b>					
	Basic and Diluted (Rs.)	(4.03)	0.10*	(1.40)*	(4.55)	(2.55)
17.	<b>Earning Per share (After Extraordinary Items)</b> <b>(of Rs.2 each ) *( Not Annualised)</b>					
	Basic and Diluted (Rs.)	(4.03)	0.10*	(1.40)*	(4.55)	(2.55)



As certified by the C. F. O.

(Y. S. Malik)  
CMD, Unitech Limited



**Unitech Limited**  
**CIN: L74899DL1971PLC009720**  
 Regd. Office: 6, Community Centre, Saket, New Delhi 110017  
**Standalone Statement of Assets & Liabilities**

(Rs. in Lakhs)

Sr.No.	Particulars	As At March 31, 2020	As At March 31, 2019
<b>A</b>	<b>Assets</b>		
<b>1</b>	<b>Non Current assets</b>		
	Property ,Plant and Equipment	2,049.27	1,926.77
	Capital Work in Progress	1,665.19	1,665.19
	Investment Property	1,219.29	1,238.81
	Other Intangible Assets	12.39	12.71
<b>2</b>	<b>Financial Assets</b>		
	(i) Investments	219,324.76	241,645.96
	(ii) Loans	2,422.33	4,828.88
	(iii) Others	100.00	89.23
	Deferred Tax Assets (Net)	24,306.11	27,338.19
	Other non current Assets	6.07	27.08
	<b>Total - Non Current Assets</b>	<b>251,105.41</b>	<b>278,772.82</b>
<b>3</b>	<b>Current Assets</b>		
	Inventories	62,517.96	66,719.63
<b>4</b>	<b>Financial Assets</b>		
	(i) Trade Receivable	43,833.48	88,100.52
	(ii) Cash and Cash equivalents	3,176.49	3,532.00
	(iii) Bank balance other than (ii) above	988.62	4,426.43
	(iv) Loans	467,226.89	481,725.34
	(v) others	78,879.42	31,697.50
	Current Tax assets (Net)	3,004.64	21,253.06
	Other Current Assets	846,082.97	980,364.88
	<b>Total - Current Assets</b>	<b>1,505,710.48</b>	<b>1,677,819.36</b>
	<b>Non Current Assets Classified As Held For Sale</b>	<b>4,226.26</b>	<b>4,226.26</b>
	<b>Total - Assets</b>	<b>1,761,042.15</b>	<b>1,960,818.44</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Equity</b>		
	Equity Share Capital	52,326.02	52,326.02
	Other Equity	530,915.82	649,850.03
	<b>Total - Equity</b>	<b>583,241.84</b>	<b>702,176.05</b>
<b>2</b>	<b>Non Current Liabilities</b>		
	<b>Financial Liabilities</b>		
	(i) Borrowings	86,941.07	147,563.85
	(ii) Other Financial Liabilities	531.71	545.58
	Provisions	1,414.59	1,511.27
	<b>Total - Non Current Liabilities</b>	<b>88,887.37</b>	<b>149,620.70</b>
<b>3</b>	<b>Current Liabilities</b>		
	<b>Financial Liabilities</b>		
	(i) Borrowings	132,835.26	111,006.76
	(ii) Trade payables	79,635.80	70,895.52
	(iii) Other Financial Liabilities	504,326.62	421,945.08
	Other Current Liabilities	372,064.85	504,839.08
	Provisions	50.41	335.25
	<b>Total - Current Liabilities</b>	<b>1,088,912.94</b>	<b>1,109,021.69</b>
	<b>Total - Equity and Liabilities</b>	<b>1,761,042.15</b>	<b>1,960,818.44</b>

Note : Previous year figure(s) have been regrouped wherever considered necessary.



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 CMD, Unitech Limited

## UNITECH LIMITED

STANDALONE

## Cash flow Statement

For the period ended 31st March 2020

(Rs. in Lakhs)

	As At 31.03.2020	As At 31.03.2019
<b>Cash flow from operating activities</b>		
<b>Profit/(Loss) before tax</b>	<b>(115,372.84)</b>	<b>(71,839.74)</b>
<b>Adjustments for</b>		
Profit on sale of investments -net	-	-
Interest income	(2,814.13)	(620.56)
Interest on income tax refund	(517.76)	(1,374.47)
Unrealised foreign exchange (gain)/loss	0.12	(59.30)
Provisions for diminution in value of investments written back	-	-
Liabilities written back	-	(6.04)
Provision for Impairment/fair value of Investment	21,645.17	6,878.65
Borrowing costs charged to profit and loss account	50,746.99	42,681.60
IND AS and other adjustments	223.78	(163.53)
Dividend Income	(67.97)	(272.99)
Depreciation and amortization expenses	230.13	449.70
Bad debts/advances written off	-	55.70
Intangible assets under development written off	-	-
<b>Operating loss before working capital changes</b>	<b>(30,932.75)</b>	<b>(8,898.73)</b>
<b>Adjustments for:</b>		
Trade Payables , Financial & Other Liabilities	(144,692.33)	64,899.50
Provisions	(381.53)	(113.75)
Inventories	4,201.68	63.13
Trade and other receivables	44,266.94	3,351.77
Loans & Advances & Other Assets	92,121.60	(57,997.92)
<b>Cash generated/(used) from/in operations</b>	<b>(35,416.39)</b>	<b>1,304.00</b>
Interest on income tax refund	-	-
<b>Net cash flow from operating activities (A)</b>	<b>(17,403.26)</b>	<b>2,245.34</b>
<b>Cash flow from investing activities</b>		
Purchase of PPE including capital work in progress	(10.00)	-
Sale of PPE	10.70	3.11
Dividend received	67.97	272.99
Investment property - change	-	-
Sale / (Purchase) of investments (net)	676.04	464.44
(Investments in)/redemption of bank deposits (having maturity of more than three months)-net	-	-
Net proceeds from Inter corporate deposits	-	-
Interest received	2,818.28	450.04
<b>Net cash flow from investing activities (B)</b>	<b>3,562.99</b>	<b>1,190.57</b>
<b>Cash flow from financing activities</b>		
Proceeds from long term borrowings	1,937.00	12,609.35
Repayment of long term borrowings	(2,723.39)	(8,127.53)
Proceeds from short term borrowings	-	-
Repayment of short term borrowings	(747.04)	(8.02)
Proceeds from reinstatement of long term borrowings	21,072.82	-
Repayment of Public deposits	(123.96)	(140.16)
Borrowing cost paid	(5,930.66)	(5,828.07)
<b>Net cash flow from financing activities (C)</b>	<b>13,484.77</b>	<b>(1,494.42)</b>
<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>(355.50)</b>	<b>1,941.50</b>
<b>Cash and cash equivalent at the beginning of the year</b>	<b>3,532.00</b>	<b>1,590.51</b>
<b>Cash and cash equivalent at the end of the year</b>	<b>3,176.50</b>	<b>3,532.00</b>



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## UNITECH LIMITED

STANDALONE

## Cash flow Statement

For the period ended 31st March 2020

(Rs. In Lakhs)

Cash on hand	6.83	26.66
Cheques, drafts on hand	-	-
Balances with banks		
- on current accounts	3,169.67	2,051.04
- in current account in Foreign Current Account *	-	11.88
- in deposit account (with maturity of 3 months or less)	-	1,442.42
<b>Total cash and cash equivalents</b>	<b>3,176.50</b>	<b>3,532.00</b>
* represent balance with Wahda Bank, Libya which is having repatriation restriction		

## Notes:

- (i) The cash flow statement has been prepared under the Indirect Method as set out in IND AS-7 Cash Flow Statements.
- (ii) Amounts in brackets represent a cash outflow or a loss.
- (iii) Previous year figures have been re-grouped/re-arranged wherever considered necessary.



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**Notes:**

I	The above Financial Results (prepared on standalone basis) have been reviewed by the Audit Committee and approved by the Board of Directors of Unitech Limited at their respective meetings held on 9 <sup>th</sup> November 2020.
II	The Hon'ble Supreme Court vide its order dated 20 <sup>th</sup> January 2020 has, inter alia, given directions that the Board of Directors of Unitech Limited, as existing on that date, be superseded with immediate effect in order to facilitate the taking over of management by the new Board of Directors constituted in terms of the proposal submitted by the Union Government of India. References have been made hereunder to the Resolution Framework (RF) for Unitech group which has been prepared under the directions of the Board of Directors of Unitech Limited appointed by the Central Government pursuant to the afore said order of the Hon'ble Supreme Court and approved by the Board of Directors in their Meeting held on June 17, 2020.
III	The company is primarily in the business of real estate development and related activities including construction, consultancy and rentals etc. Further most of the business conducted is within the geographical boundaries of India. Accordingly, the company's business activities primarily represent a single business segment and the company's operations in India represent a single geographical segment.
IV	The Company has adopted Indian Accounting Standards ("Ind AS") from April 01, 2016 as prescribed under Section 133 of the Companies Act 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India. Financial results for all the periods presented herein have been prepared in accordance with the recognition and measurement principles as stated therein the applicable IND AS.
V	<p>Effective April 1, 2019, the Company adopted Ind AS 116 'Leases' using the modified retrospective method and there is no significant impact on the Financial results.</p> <p>Lessee: The Company has elected not to recognise a lease liability and a right-of-use asset for leases for which the lease term ends within twelve months of April 1, 2019 and has accounted for these leases as short-term leases. The lease payment associated with these lease are recognized as an expenses on a straight line basis over the lease term.</p> <p>Lessor: Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. The title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the Company, such arrangements are recognised as operating lease.</p>
VI	<p>The limited review report of the statutory auditors on the unaudited standalone financial results of Unitech Limited for the quarter and nine month period ended March 31 2020, contains disclaimer of conclusions on certain matters which is being summarised below:-</p> <p>a) The Company had received a 'cancellation of lease deed' notice from Greater Noida Industrial Development Authority ("GNIDA") dated 18 November 2015. As per the Notice, GNIDA cancelled the lease deed in respect of Residential/Group Housing plots on account of non-implementation of the project and non-payment of various dues amounting to Rs.105483.26 lakhs. As per the notice, and as per the relevant clause of the bye-laws/contractual arrangement with the Company, 25% of the total dues amounting to Rs.13893.42 lakhs were to be forfeited out of the total amount paid till date. The Company has incurred total expenditure of Rs.213962.69 lakhs [comprising of (i) the amounts paid for land dues and stamp duty Rs.34221.90 lakhs, (ii) the balance portions of the total amounts payable, including contractual interest accrued till 31<sup>st</sup> March 2016, of Rs.99091.90 lakhs; and (iii) other construction costs amounting to Rs. 80650.70 lakhs]. The said land is also mortgaged and</p>



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	<p>the Company has registered such mortgage to a third party on behalf of lender for the Non-Convertible Debenture (NCD) facility extended to the Company and, due to default in repayment of these NCDs, the debenture holders have served a notice to the Company under section 13(4) of the SARFAESI Act and have also taken notional possession of this land. The Company had contractually entered into agreements to sell with 397 buyers and has also received advances from such buyers amounting to Rs 6682.10 lakhs (net of repayment). No contract revenue has been recognized on this project. The erstwhile management had written a letter to GNIDA dated 1<sup>st</sup> December 2015, wherein it had stated that the cancellation of the lease deed was wrong, unjust and arbitrary. Further, the said erstwhile management had also described steps taken for implementation of the project and valid business reasons due to delays till date. Further, the said erstwhile management 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 should allow the Company to retain an area of approximately 25 acres out of the total allotted land of approximately 100 acres and that the amount paid by the Company till date 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.</p> <p>GNIDA has, in the meanwhile, in terms of the Order of the Hon'ble Supreme Court dated 18.09.2018, deposited on behalf of the Company, an amount of Rs.7436.35 lakhs (Rs 6682.10 lakhs and interest @ 6% on the principal amount of Rs 6682.10 lakhs), out of the monies paid by the Company, with the registry of the Hon'ble Supreme Court.</p> <p>During the year, GNIDA has adjusted Rs.9200.00 lakhs of Unitech group's liabilities towards the Company's other projects with GNIDA and forfeited Rs.13893.42 lakhs.</p> <p>The Company had paid a sum of Rs.34221.90 lakhs, including Rs 4934.95 lakhs of stamp duty on the land for the said land.</p> <p>The matter in respect of the land is still pending before the Hon'ble High Court of Allahabad, and pending the final disposal, the Company has, subsequently, shown the amount of Rs.18339.80 lakhs as recoverable from GNIDA in its books of account. Further, the Company is also carrying other construction costs amounting to Rs. 80648.89 lakhs in respect of the projects to come up on the said land.</p> <p>The impact on the accounts viz. inventory, projects in progress, customer advances, amount payable to or receivable from GNIDA, cannot be ascertained, since the matter is still sub-judice, as mentioned hereinabove, vis-à-vis dues of the Company, and hence we are unable to express an opinion on this matter.</p> <p><b>The management, in response of the above qualification, states the following:-</b></p> <p>The Management is hopeful that its stand shall be vindicated in the court of law and there shall be no adverse impact, other than the ones already disclosed.</p>
b)	<p>Confirmations/reconciliations are pending in respect of amounts deposited by the Company with the Hon'ble Supreme Court. As per books of account an amount of Rs.45,800.63 lakhs deposited with the Hon'ble Supreme Court Registry ("Registry") is outstanding as at 31st March 2020. Certain transactions have been made from the Registry viz. payments mainly towards refunds given to some of the Company's home buyers, payments made to fixed deposit holders, payments made to ex-employees, amounts paid to the Company for meeting construction expenses, payments made to forensic auditors out of interest accrued, and amounts paid to the amicus curiae towards reimbursement of expenses. Due to non-availability of any statement of account from the Registry, these transactions have been recorded by the Company in its books of account on the basis of limited information available and the amount of Rs.45,800.63 lakhs has been accounted for under the head "Other Assets" in the standalone financial statements. Moreover, there would be significant amount of interest income accrued on the aforesaid deposits which are not accounted for in the books due to non-availability of details. The management has requested the learned amicus curiae to provide the relevant bank statement and balance confirmations. The final reconciliation can take place only after receipt of the same. In the absence of detailed statement of transactions and confirmation of balance from the Registry, we are unable to comment on the completeness and correctness of amounts outstanding with the Registry and of the ultimate impact these transactions would have on the standalone financial statements of the Company, and hence we are unable to express a conclusion on this matter.</p> <p><b>The management, in response of the above qualification, states the following:-</b></p> <p>It is a matter of reconciliation with the Registry of the Hon'ble Supreme Court. The company is trying to get better information from the registry and there shall be no adjustment required in the statement of Profit &amp; Loss, as such.</p>
c)	<p>According to information available and explanations obtained, in respect of (a) non-current investments (Long term Trade investments) aggregating to Rs.141,715.01 lakhs in subsidiaries and (b) loans and advances aggregating to Rs.398,051.65 lakhs (net of bad &amp; doubtful) given to these subsidiaries for acquisition of land on behalf of the</p>




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company, it has been observed from the perusal of the financial statements of these subsidiaries/companies that some of these subsidiaries/companies have accumulated losses and their respective net worth have been fully/substantially eroded. These conditions, along with absence of clear indications or plans for revival, in our opinion, indicate that there is significant uncertainty and doubt about the recovery of the loans and advances from these subsidiaries by way of sale of land and recoverability of other assets. Further, there is a clear indication that there is a decline in the carrying amount of these investments which is other than temporary.

Consequently, in terms of stated accounting policies and applicable accounting standards, and due to the fact that the realizable value of assets, mainly comprising of investment directly or indirectly in land, of some of these subsidiaries is far lesser than the advance given to/investment made by the Company in these subsidiaries, the diminution in the value of such investments, which is other than temporary, is estimated to be Rs.30,856.35lakh upto 31st March 2020 (Previous year ended 31st March, 2019 - Rs.27,113.69 lakhs (net of impairment loss provided)) and the accrual for diminution of doubtful loans and advances is estimated to be Rs.41,776.41lakh upto 31st March 2020 (Previous year ended 31st March, 2019 - Rs.27,221.07 lakh), and such diminution aggregating to Rs.72,632.77lakhs needs to be accounted for.

In the absence of significant developments/movements in the operations of these parties and any adjustment for diminution of carrying value of such investments in this regard (except for those adjustments for diminution already provided for as mentioned hereinabove), in our opinion, management has not adequately or sufficiently accounted for the imminent diminution. Moreover, looking at the size of the land in these subsidiaries, their sale-ability, and uncertainty as to whether such land can be realized at their respective circle rates or more, it is indeterminate as to what extent of further losses can be expected, and hence we are unable to express a conclusion on this matter.

The Company has, at the year end, provided for diminution in the value of such investments to the extent of Rs.21,645.17 lakhs in the standalone financial statements.

**The management, in response of the above qualification, states the following:-**

The Hon'ble Supreme Court vide its order dated 20th January 2020 replaced the then board of directors of the company and replaced it with the current board of directors (hereinafter called the new management). The new management in pursuit to identify and recover the investments and advances made by the earlier management has sought the co-operation from the erstwhile chairman and managing directors. The response of the erstwhile chairman and managing directors is awaited and till then it would not be prudent on the part of the new management to diminish the value of these investments and advances.

- d) The Company has failed to repay deposits accepted by it including interest thereon in respect of the following deposits:

Particulars	Unpaid matured deposits (Principal amount) as at 31st March 2019 (Rs. lakhs)	Transferred from Stale Cheque account (Rs. Lakhs)	Principal paid during the current year (Rs. lakhs)	Unpaid matured deposits (Principal amount) as at 31st December 2019 (Rs. lakhs)
Deposits that have matured on or before March 31, 2017	53,014.17	3,722.03	(103.80)	56,632.40

The total unpaid interest as on 31st March 2020 (including interest not provided in the books) amounts to Rs. 39,190.94lakhs (excluding transfer from stale cheque account).

Further, the Company has not provided for interest payable on public deposits which works out to Rs.7,080.37 lakhs for the current year ended 31st March 2020 (Cumulative upto 31st March 2020 - Rs.21,309.23 lakhs). Such un-provided interest payable has been worked out on the outstanding public deposits in the books of account, without considering the unidentified repayments made by the Hon'ble Supreme Court as mentioned in Para 7(b) above.

Pursuant to Section 74(2) of the Companies Act, 2013, the Company had made an application to the Hon'ble Company Law Board (CLB) (subsequently replaced by the Hon'ble National Company Law Tribunal, New Delhi)



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	<p>seeking extension of time for repayment of the outstanding public deposits (including interest thereon) as is considered reasonable. The Company had identified and earmarked 6 (six) unencumbered land parcels for sale and utilization of the sale proceeds thereof for repayment of the aforesaid outstanding deposits. However, during the financial year 2016-17, the Hon'ble National Company Law Tribunal, New Delhi (NCLT) vide its order dated 04.07.2016 dismissed the said application. On appeal against the said order, the Hon'ble National Company Law Appellate Tribunal, New Delhi (NCLAT) vide its order dated 03.11.2016 extended the date of repayment of deposits upto 31.12.2016. Subsequently, the said appeal was also disposed off by the Hon'ble NCLAT vide its order dated 31.01.2017 without granting any further extension of time. As explained to us, the Company has made best possible efforts for sale of the land parcels earmarked for repayment of the deposits but such sale process has not yielded any results.</p> <p>Considering that the erstwhile management had not been able to comply with the directions given by the Hon'ble CLB, NCLT and NCLAT to repay the deposits within prescribed time-period, the Registrar of Companies, New Delhi had filed prosecution against the Company and its erstwhile management before the Ld. Special Court, Dwarka District Court, New Delhi. However, the Hon'ble High Court of Delhi had stayed the said prosecution, and had subsequently vide its order dated 22.01.2019, allowed the petitions filed by the Company and erstwhile management by setting aside &amp; vacating the impugned Dwarka District court order dated 20.9.2016 with regard to summoning of the erstwhile management.</p> <p>Few depositors had filed an intervention application before the Hon'ble Supreme Court in the pending bail matter of the erstwhile Managing Directors of the Company. Considering their application, the Hon'ble Supreme Court had, vide its order dated 30.10.2017, directed an amicus curiae to create a portal where the depositors could provide their requisite information and, accordingly, in compliance with this direction, a portal had been created for the depositors of the Company. Accordingly, the matter relating to delay in repayment to the depositors is presently pending before the Hon'ble Supreme Court. The Hon'ble Supreme Court, out of the proceeds collected into the designated account of its Registry out of sale of land and other properties of Unitech/it's group, has made allocations of amount to be refunded to the public-deposit holders.</p> <p>Subsequent to the new Board of Directors taking over the management, a resolution framework has been submitted to the Hon'ble Supreme Court by the Company, as mentioned in Para 6 above, for addressing the matters of home buyers, fixed deposit holders and others. At present the resolution framework is under the consideration of the Hon'ble Supreme Court. The final quantum of liability of these cases can be ascertained only upon the final decision by the Hon'ble Supreme Court.</p> <p>Besides, the impact of non-provision of interest payable on public deposits of Rs.7,080.37lakhs for the year ended 31st March 2020 on the profit and loss, we are unable to evaluate the ultimate likelihood of penalties/ strictures or further liabilities, if any on the Company. Accordingly, impact, if any, of the indeterminate liabilities on these audited standalone financial statements is currently not ascertainable, and hence we are unable to express an opinion on this matter.</p> <p><b>The management, in response of the above qualification, states the following:-</b></p> <p>The Public Deposits are due to be paid but due to liquidity situation could not be paid. As rightly stated by the auditors the matter of Depositors has been referred in the Resolution Framework and the Company shall abide the decision of the Hon'ble Court in this regard</p>
e)	<p>Advances amounting to Rs.31,287.37lakhs (net of provision for doubtful advances) (previous year ended 31st March, 2019 - Rs.48,359.64 lakhs (net of provision for doubtful advances)) are outstanding in respect of advances for purchase of land, projects pending commencement, joint ventures and collaborators which, as represented by the management, have been given in the normal course of business to land owning companies, collaborators, projects and for purchase of land. As per information made available to us and explanations given to us Rs. Nil had been recovered / Rs.15,000.00lakhs has been provided for doubtful advances during the current year.</p> <p>We are unable to ascertain whether all the remaining outstanding advances, mentioned above, are fully recoverable/adjustable, since the said outstanding balances are outstanding/remained unadjusted for a long period of time, and further, in our opinion, neither the amounts recovered nor rate of recovery of such long outstanding amounts in the previous years &amp; year, give an indication that all of the remaining outstanding amounts may be fully recoverable; consequently, we are unable to ascertain whether all of the remaining balances as at 31st March 2020 are fully recoverable. Accordingly, we are unable to ascertain or comment upon the impact, if</p>



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(Y. S. Malik)  
CMD, Unitech Limited

	<p>any, on the loss or on the reserves or on value of asset, that may arise in case any of these remaining advances are subsequently determined to be doubtful of recovery, and hence we are unable to express an opinion on this matter.</p> <p><b>The management, in response of the above qualification, states the following:-</b></p> <p>Advances for the purchase of land, projects pending commencement and to joint ventures and collaborators have been stated to have been given in the normal course of business to land owning companies, collaborators, projects and for purchase of land. The new management in pursuit to identify and recover the advances made by the earlier management has sought the co-operation from the erstwhile chairman and managing directors. The response of the erstwhile chairman and managing directors is awaited and till then it would not be prudent on the part of the new management to diminish the value of these advances.</p>
f)	<p>There have been delays in the payment of dues of non-convertible debentures, term loans &amp; working capital loans (including principal, interest and/or other charges as the case may be) to the lenders of the Company who have taken action against the Company for recovery of their dues, and the total of such outstandings amount to Rs.262,408.66 lakhs. The lenders have initiated action under the SARFAESI Act to take over the respective properties provided as security to the lenders. The Company has challenged the action of the lenders before the various forums of Debt Recovery Tribunals(DRT). We are unable to determine the impact of the likely outcome of the said proceedings before the DRT on the properties given as security to the lenders, and the corresponding loans and also unable to evaluate the ultimate likelihood of penalties/ strictures or further liabilities; and hence we are unable to express an opinion on this matter.</p> <p><b>The management, in response of the above qualification, states the following:-</b></p> <p>The amount as has been stated, has already been provided in the books of accounts and payment/ recovery of dues by the lenders shall not affect the statement of Profit &amp; Loss. The matter has already been referred in the resolution framework and the final payment for principal and/or interest shall be made in accordance with the decisions of the Hon'ble Supreme Court in this regard</p>
g)	<p>No direct confirmations were received from banks in respect of balance confirmations, though we had discussed with the Company to obtain the confirmations. With regard to loans and borrowings from certain lenders, direct confirmations could not be carried out as these lenders had taken action against the Company for recovery of their dues as mentioned in para 7(f) above. The management expressed its inability to send confirmation requests in respect of trade receivables, trade and other payables, &amp; loans &amp; advances given. Accordingly, we are unable to ascertain or comment upon the impact, if any, on the loss or on the reserves or on the carrying amount of the asset/liability, that may arise in case any of these assets are subsequently determined to be doubtful of recovery and/or any of these liabilities may increase, and hence we are unable to express an opinion on this matter.</p> <p><b>The management, in response of the above qualification, states the following:-</b></p> <p>The company is expected to initiate the claim verification for all the money extended to and by the company. The company shall invite claims including that of borrowers. All such claims shall be verified and re-instated( if so required) at that point of time</p>
h)	<p>According to information available and explanations obtained, in respect of</p> <ul style="list-style-type: none"> <li>(i) advances given to certain companies for purchase of shares aggregating to Rs. 31,079.48 lakhs,</li> <li>(ii) investments in shares of certain companies aggregating to Rs. 31,025.45 lakhs,</li> <li>(iii) investments in debentures of certain companies aggregating to Rs.1,512.18 lakhs,</li> <li>(iv) inter corporate deposits given to certain companies aggregating to Rs. 13,853.66 lakhs,</li> <li>(v) other advances given to/recoverable from certain companies/parties aggregating to Rs.11,103.58 lakhs, and</li> <li>(vi) security deposits given to certain parties aggregating Rs.17,531.00 lakhs,</li> </ul> <p>it has been observed that these advances/deposits/investments have been standing in the books for a long period of time, there being no movements in these advances. Due to non-availability of sufficient information with regard to the status of these items, we are unable to comment (i) on the realisability/recoverability or otherwise of these advances/deposits and (ii) on the decline, if any, in the carrying amount of these investments which is other than temporary, and the quantum thereof, and the ultimate impact on the financial statements, and hence we are unable to express an opinion on this matter.</p> <p><b>The management, in response of the above qualification, states the following:-</b></p> <p>The Hon'ble Supreme Court vide its order dated 20th January 2020 replaced the then board of directors of the company and replaced it with the current board of directors (hereinafter called the new management). The new</p>



As certified by the C. F. O.


  
 (Y. S. Malik)  
 CMD, Unitech Limited



	management in pursuit to identify and recover the investments and advances made by the earlier management has sought the co-operation from the erstwhile chairman and managing directors. The response of the erstwhile chairman and managing directors is awaited and till then it would not be prudent on the part of the new management to diminish the value of these investments and advances.
i)	<p>We draw attention to the Note 'Investment Property' in the standalone financial statements, in which the investment is carried at cost. We have been informed by the management that the carrying value of such investment is lower than the fair market value. However, in the absence of a current valuation report, the fair market value is indeterminate. Hence we are unable to express an opinion on the adjustment, if any, that would have to be made on the carrying value of such investment property, had such valuation been done, and the resultant impact on the reserves &amp; surplus.</p> <p><b>The management, in response of the above qualification, states the following:-</b></p> <p>The rental value is indicative that the fair value of the property would be more than the stated value. The Company could not carry the fair valuation this year. The fair valuation exercise would not have any negative impact on the financial position of the Company.</p>
j)	<p><u>Material Uncertainty Related to Going Concern</u></p> <p>The management has prepared these standalone financial statements on a going concern basis, notwithstanding the fact that, the Company has incurred losses, and has challenges in meeting its operational obligations, servicing its current liabilities including bank loans and public deposits. The Company also has various litigation matters which are pending before different forums, and various projects of the Company have stalled/slowed down.</p> <p>As mentioned earlier, subsequent to the new Board of Directors taking over the management, a Resolution Framework has been submitted to the Hon'ble Supreme Court by the Company, as mentioned in Para 2 above, wherein the Company has requested the Hon'ble Supreme Court to grant numerous reliefs so that the Company is able to meet its operational obligations and settle its liabilities. The Board has also submitted in the RF that on the basis of review of records and finances of Unitech group as currently available, it appears that Unitech Group has significant negative net worth and may not be able to attract a resolution/ settlement under the Insolvency and Bankruptcy Code (IBC). At present the resolution framework is under the consideration of the Hon'ble Supreme Court.</p> <p>These conditions indicate the existence of material uncertainty that may cast significant doubt about Company's ability to continue as a going concern. The appropriateness of assumption of going concern is critically dependent upon the Company's ability to raise finance and generate cash flows in future to meet its obligations, and also on the final decision of the Hon'ble Supreme Court on the Resolution Framework.</p> <p>Considering the above, we are unable to express an opinion on this matter.</p> <p><b>The management, in response of the above qualification, states the following:-</b></p> <p>The management has already stated its position in the resolution framework of the Company</p>
VII	The figures of previous year have been re-grouped/re-arranged wherever considered necessary for the purpose of comparison.

Place: Gurugram  
Dated: November 9<sup>th</sup>, 2020



For **Unitech Limited**

Yudhvir Singh Malik  
Chairman

**As certified by the C. F. O.**

(Y. S. Malik)  
CMD, Unitech Limited

**ANNEXURE I**

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Standalone Financial Results  
Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020  
[See Regulation 33 of the SEBI (LODR) Regulations, 2015]

1 Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
		Rs. in Lakhs	Rs. in Lakhs
1	Turnover / Total income	118,264.34	118,264.34
2	Total Expenditure	211,992.02	324,884.26
3	Exceptional items	21,645.17	21,645.17
4	Total tax expenses	3,691.93	3,691.93
5	Net Profit/(Loss)	(119,064.78)	(231,957.02)
6	Earnings Per Share		
	Basic	(4.55)	(8.87)
	Diluted	(4.55)	(8.87)
7	Total Assets	1,761,042.15	1,688,409.38
8	Total Liabilities	1,177,800.31	1,218,059.78
9	Net Worth	583,241.84	470,349.60
10	Any other financial item(s) (as felt appropriate by the management)		

**2 Audit Qualification:-**

**Matter 1**

**1 Details of Audit Qualification:-**

The Company had received a 'cancellation of lease deed' notice from Greater Noida Industrial Development Authority ("GNIDA") dated 18 November 2015. As per the Notice, GNIDA cancelled the lease deed in respect of Residential/Group Housing plots on account of non-implementation of the project and non-payment of various dues amounting to Rs. 105483.26 lakhs. As per the notice, and as per the relevant clause of the bye-laws/contractual arrangement with the Company, 25% of the total dues amounting to Rs. 13893.42 lakhs were to be forfeited out of the total amount paid till date. The Company has incurred total expenditure of Rs. 213962.69 lakhs [comprising of (i) the amounts paid for land dues and stamp duty Rs. 34221.90 lakhs, (ii) the balance portions of the total amounts payable, including contractual interest accrued till 31st March 2016, of Rs. 99091.90 lakhs; and (iii) other construction costs amounting to Rs. 80650.70 lakhs]. The said land is also mortgaged and the Company has registered such mortgage to a third party on behalf of lender for the Non-Convertible Debenture (NCD) facility extended to the Company and, due to default in repayment of these NCDs, the debenture holders have served a notice to the Company under section 13(4) of the SARFAESI Act and have also taken notional possession of this land. The Company had contractually entered into agreements to sell with 397 buyers and has also received advances from such buyers amounting to Rs. 6682.10 lakhs (net of repayment). No contract revenue has been recognized on this project. The erstwhile management had written a letter to GNIDA dated 1st December 2015, wherein it had stated that the cancellation of the lease deed was wrong, unjust and arbitrary. Further, the said erstwhile management had also described steps taken for implementation of the project and valid business reasons due to delays till date. Further, the said erstwhile management 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 should allow the Company to retain an area of approximately 25 acres out of the total allotted land of approximately 100 acres and that the amount paid by the Company till date 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.

GNIDA has, in the meanwhile, in terms of the Order of the Hon'ble Supreme Court dated 18.09.2018, deposited on behalf of the Company, an amount of Rs. 7436.35 lakhs (Rs. 6682.10 lakhs and interest @ 6% on the principal amount of Rs. 6682.10 lakhs), out of the monies paid by the Company, with the registry of the Hon'ble Supreme Court.

During the year, GNIDA has adjusted Rs. 9200.00 lakhs of Unitech group's liabilities towards the Company's other projects with GNIDA and forfeited Rs. 13893.42 lakhs.

The Company had paid a sum of Rs. 34221.90 lakhs, including Rs. 4934.95 lakhs of stamp duty on the land for the said land.

The matter in respect of the land is still pending before the Hon'ble High Court of Allahabad, and pending the final disposal, the Company has, subsequently, shown the amount of Rs. 18339.80 lakhs as recoverable from GNIDA in its books of account. Further, the Company is also carrying other construction costs amounting to Rs. 80650.70 lakhs in respect of the projects to come up on the said land.

The impact on the accounts viz. inventory, projects in progress, customer advances, amount payable to or receivable from GNIDA, cannot be ascertained, since the matter is still sub-judice, as mentioned hereinabove, vis-à-vis dues of the Company, and hence we are unable to express an opinion on this matter.

**2 Type of Audit Qualification:-**

Disclaimer of Opinion

**3 Frequency of qualification:-**

2nd time Disclaimed

**4 For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views**

**5 For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) Management's estimation on the impact of audit qualification:

(ii) If management is unable to estimate the impact, reasons for the same:

**The Management is hopeful that its stand shall be vindicated in the court of law and there shall be no adverse impact as such**

(iii) Auditors' Comments on (i) or (ii) above:

**Matter 2**

**1 Details of Audit Qualification:-**

Confirmations/reconciliations are pending in respect of amounts deposited by the Company with the Hon'ble Supreme Court. As per books of account an amount of Rs. 45,800.63 lakhs deposited with the Hon'ble Supreme Court Registry ("Registry") is outstanding as at 31st March 2020. Certain transactions have been made from the Registry viz. payments mainly towards refunds given to some of the Company's home buyers, payments made to fixed deposit holders, payments made to ex-employees, amounts paid to the Company for meeting construction expenses, payments made to forensic auditors out of interest accrued, and amounts paid to the amicus curiae towards reimbursement of expenses. Due to non-availability of any statement of account from the Registry, these transactions have been recorded by the Company in its books of account on the basis of limited information available and the amount of Rs. 45,800.63 lakhs has been accounted for under the head "Other Assets" in the standalone financial statements. Moreover, there would be significant amount of interest income accrued on the aforesaid deposits which are not accounted for in the books due to non-availability of details. The management has requested the learned amicus curiae to provide the relevant bank statement and balance confirmation. The final reconciliation will wait upon receipt of the same. In the absence of detailed statement of transactions and confirmation of balance from the Registry, we are unable to comment on the completeness and correctness of amounts outstanding with the Registry and of the ultimate impact these transactions would have on the standalone financial statements of the Company, and hence we are unable to express a conclusion on this matter.

**2 Type of Audit Qualification:-**

Disclaimer of Opinion

**3 Frequency of qualification:-**

2nd time Disclaimed

**4 For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views**





- 5 For Audit Qualification(s) where the impact is not quantified by the auditor:
- Management's estimation on the impact of audit qualification:
  - If management is unable to estimate the impact, reasons for the same:

*It's a matter of reconciliation with the Registry of the Hon'ble Supreme Court and there shall be no adjustment required in the statement of Profit & Loss*

(iii) Auditors' Comments on (i) or (ii) above:

#### Matter 3

##### 1 Details of Audit Qualification:-

According to information available and explanations obtained, in respect of (a) non-current investments (Long term Trade investments) aggregating to Rs.141,715.01 lakhs in subsidiaries and (b) loans and advances aggregating to Rs.398,051.65 lakhs (net of bad & doubtful) given to these subsidiaries for acquisition of land on behalf of the company, it has been observed from the perusal of the financial statements of these subsidiaries/companies that some of these subsidiaries/companies have accumulated losses and their respective net worth have been fully/substantially eroded. These conditions, along with absence of clear indications or plans for revival, in our opinion, indicate that there is significant uncertainty and doubt about the recovery of the loans and advances from these subsidiaries by way of sale of land and recoverability of other assets. Further, there is a clear indication that there is a decline in the carrying amount of these investments which is other than temporary.

Consequently, in terms of stated accounting policies and applicable accounting standards, and due to the fact that the realizable value of assets, mainly comprising of investment directly or indirectly in land, of some of these subsidiaries is far lesser than the advance given to investment made by the Company in these subsidiaries, the diminution in the value of such investments, which is other than temporary, is estimated to be Rs. 30,856.35 lakhs upto 31st March 2020 (Previous year ended 31st March, 2019 - Rs.27,113.69 lakhs (net of impairment loss provided)) and the accrual for diminution of doubtful loans and advances is estimated to be Rs. 41,776.41 lakhs upto 31st March 2020 (Previous year ended 31st March, 2019 - Rs.27,221.97 lakhs), and such diminution aggregating to Rs. 72,632.77 lakhs needs to be accounted for.

In the absence of significant developments/movements in the operations of these parties and any adjustment for diminution of carrying value of such investments in this regard (except for those adjustments for diminution already provided for as mentioned hereabove), in our opinion, management has not adequately or suitably accounted for the investment diminution. Moreover, looking at the size of the land in these subsidiaries, their sale-ability, and uncertainty as to whether such land can be realized at their respective circle rates or more, it is indeterminate as to what extent of further losses can be expected, and hence we are unable to express a conclusion on this matter.

##### 2 Type of Audit Qualification:

Disclaimer of Opinion

##### 3 Frequency of qualification:

2nd time Disclaimed

##### 4 For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views

*The Hon'ble Supreme Court vide its order dated 20th January 2020 replaced the then board of directors of the company and replaced it with current board of directors (hereinafter called the new management). The new management in pursuit to identify and recover the investments and advances made by the earlier management has sought the co-operation from the erstwhile chairman and managing directors. The response of the erstwhile chairman and managing directors is awaited and till then it would not be prudent on the part of the new management to diminish the value of these investments and advances.*

##### 5 For Audit Qualification(s) where the impact is not quantified by the auditor:

- Management's estimation on the impact of audit qualification.
- If management is unable to estimate the impact, reasons for the same:
- Auditors' Comments on (i) or (ii) above:

#### Matter 4

##### 1 Details of Audit Qualification:-

Particulars	Unpaid matured deposits (Principal amount) as at 31 <sup>st</sup> March 2019 (Rs. lakhs)	Transferred from State Cheque account (Rs. Lakhs)	Principal paid during the current year (Rs. lakhs)	Unpaid matured deposits (Principal amount) as at 31 <sup>st</sup> March 2020 (Rs. lakhs)
Deposits that have matured on or before March 31, 2017	53,014.17	3,722.03	-103.8	56,632.40

The total unpaid interest as on 31st March 2020 (including interest not provided in the books) amounts to Rs. 39,190.94 lakhs (excluding transfer from state cheque account).

Further, the Company has not provided for interest payable on public deposits which works out to Rs.7,080.37 lakhs for the current year ended 31st March 2020 (Cumulative upto 31st March 2020 - Rs.21,309.23 lakhs). Such unprovided interest payable has been worked out on the outstanding public deposits in the books of account, without considering the unidentified repayments made by the Hon'ble Supreme Court as mentioned in Para 7(b) above.

Pursuant to Section 74(2) of the Companies Act, 2013, the Company had made an application to the Hon'ble Company Law Board (CLB) (subsequently replaced by the Hon'ble National Company Law Tribunal, New Delhi) seeking extension of time for repayment of the outstanding public deposits (including interest thereon) as is considered reasonable. The Company had identified and earmarked 6 (six) unencumbered land parcels for sale and utilization of the sale proceeds thereof for repayment of the aforesaid outstanding deposits. However, during the financial year 2016-17, the Hon'ble National Company Law Tribunal, New Delhi (NCLT) vide its order dated 04.07.2016 dismissed the said application. On appeal against the said order, the Hon'ble National Company Law Appellate Tribunal, New Delhi (NCLAT) vide its order dated 03.11.2016 extended the date of repayment of deposits upto 31.12.2016. Subsequently, the said appeal was also disposed off by the Hon'ble NCLAT vide its order dated 31.01.2017 without granting any further extension of time. As explained to us, the Company has made best possible efforts for sale of the land parcels earmarked for repayment of the deposits but such sale process has not yielded any results.

Considering that the erstwhile management had not been able to comply with the directions given by the Hon'ble CLB, NCLT and NCLAT to repay the deposits within prescribed time-period, the Registrar of Companies, New Delhi had filed prosecution against the Company and its erstwhile management before the Ld. Special Court, Dwarka District Court, New Delhi. However, the Hon'ble High Court of Delhi had stayed the said prosecution, and had subsequently vide its order dated 22.01.2019, allowed the petitions filed by the Company and erstwhile management by setting aside & vacating the impugned Dwarka District court order dated 20.9.2016 with regard to summoning of the erstwhile management.

Few depositors had filed an intervention application before the Hon'ble Supreme Court in the pending bail matter of the erstwhile Managing Directors of the Company. Considering their application, the Hon'ble Supreme Court had, vide its order dated 30.10.2017, directed an amicus curiae to create a portal where the depositors could provide their requisite information and, accordingly, in compliance with this direction, a portal had been created for the depositors of the Company. Accordingly, the matter relating to delay in repayment to the depositors is presently pending before the Hon'ble Supreme Court. The Hon'ble Supreme Court, out of the proceeds collected into the designated account of its Registry out of sale of land and other properties of erstwhile group, has made allocations of amount to be refunded to the public deposit holders.

Subsequent to the new Board of Directors taking over the management, a resolution framework has been submitted to the Hon'ble Supreme Court by the Company, as mentioned in Para 6 above, for addressing the matters of home buyers, fixed deposit holders and others. At present the resolution framework is under the consideration of the Hon'ble Supreme Court. The final quantum of liability of these cases can be ascertained only upon the final decision by the Hon'ble Supreme Court.

Besides, the impact of non-provision of interest payable on public deposits of Rs.7,080.37 lakhs for the year ended 31st March 2020 on the profit and loss, we are unable to evaluate the ultimate likelihood of penalties/strictures or further liabilities, if any on the Company. Accordingly, impact, if any, of the indeterminate liabilities on these audited standalone financial statements is currently not ascertainable, and hence we are unable to express an opinion on this matter.

##### 2 Type of Audit Qualification:

Disclaimer of Opinion

##### 3 Frequency of qualification:

2nd time Disclaimed

##### 4 For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views

*The Public Deposits are due to be paid but due to liquidity situation could not be paid. As rightly stated by the auditors the matter of Depositors has been referred in the Resolution Framework and the Company shall abide the decision of the Hon'ble Court in this regard*

##### 5 For Audit Qualification(s) where the impact is not quantified by the auditor:

- Management's estimation on the impact of audit qualification:
- If management is unable to estimate the impact, reasons for the same:
- Auditors' Comments on (i) or (ii) above:



**Matter 5****1 Details of Audit Qualification:-**

Advances amounting to Rs.31,267.37 lakhs (net of provision for doubtful advances) (previous year ended 31st March, 2019 - Rs.48,359.64 lakhs (net of provision for doubtful advances)) are outstanding in respect of advances for purchase of land, projects pending commencement, joint ventures and collaborators which, as represented by the management, have been given in the normal course of business to land owning companies, collaborators, projects and for purchase of land. As per information made available to us and explanations given to us Rs. Nil had been recovered / Rs.15,000.00 lakhs has been provided for doubtful advances during the current year.

We are unable to ascertain whether all the remaining outstanding advances, mentioned above, are fully recoverable/adjustable, since the said outstanding balances are outstanding/remaining unadjusted for a long period of time, and further, in our opinion, neither the amounts recovered nor rate of recovery of such long outstanding amounts in the previous years & year, give an indication that all of the remaining outstanding amounts may be fully recoverable; consequently, we are unable to ascertain whether all of the remaining balances as at 31st March 2020 are fully recoverable. Accordingly, we are unable to ascertain or comment upon the impact, if any, on the loss or on the reserves or on value of asset, that may arise in case any of these remaining advances are subsequently determined to be doubtful of recovery, and hence we are unable to express an opinion on this matter.

2 Type of Audit Qualification:

Disclaimer of Opinion

3 Frequency of qualification:

2nd time Disclaimed

4 For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

*Advances for the purchase of land, projects pending commencement and to joint ventures and collaborators have been stated to have been given in the normal course of business to land owning companies, collaborators, projects and for purchase of land. The new management in pursuit to identify and recover the advances made by the earlier management has sought the co-operation from the erstwhile chairman and managing directors. The response of the erstwhile chairman and managing directors is awaited and till then it would not be prudent on the part of the new management to diminish the value of these advances.*

5 For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

(ii) If management is unable to estimate the impact, reasons for the same:

(iii) Auditors' Comments on (i) or (ii) above:

**Matter 6****1 Details of Audit Qualification:-**

There have been delays in the payment of dues of non-convertible debentures, term loans & working capital loans (including principal, interest and/or other charges as the case may be) to the lenders of the Company who have taken action against the Company for recovery of their dues, and the total of such outstandings amount to Rs.262,408.66 lakhs. The lenders have initiated action under the SARFAESI Act to take over the respective properties provided as security to the lenders. The Company has challenged the action of the lenders before the various forums of Debt Recovery Tribunals (DRT). We are unable to determine the impact of the likely outcome of the said proceedings before the DRT on the properties given as security to the lenders, and the corresponding loans and also unable to evaluate the ultimate likelihood of penalties/ structures or further liabilities; and hence we are unable to express an opinion on this matter.

2 Type of Audit Qualification:

Disclaimer of Opinion

3 Frequency of qualification:

2nd time Disclaimed

4 For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

5 For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

(ii) If management is unable to estimate the impact, reasons for the same:

(iii) Auditors' Comments on (i) or (ii) above:

**Matter 7****1 Details of Audit Qualification:-**

No direct confirmations were received from banks in respect of balance confirmations, though we had discussed with the Company to obtain the confirmations. With regard to loans and borrowings from certain lenders, direct confirmations could not be carried out as these lenders had taken action against the Company for recovery of their dues as mentioned in para 7(f) above. The management expressed its inability to send confirmation requests in respect of trade receivables, trade and other payables, & loans & advances given. Accordingly, we are unable to ascertain or comment upon the impact, if any, on the loss or on the reserves or on the carrying amount of the asset/liability, that may arise in case any of these assets are subsequently determined to be doubtful of recovery and/or any of these liabilities may increase, and hence we are unable to express an opinion on this matter.

2 Type of Audit Qualification:

Disclaimer of Opinion

3 Frequency of qualification:

2nd time Disclaimed

4 For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

5 For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

(ii) If management is unable to estimate the impact, reasons for the same:

(iii) Auditors' Comments on (i) or (ii) above:

**Matter 8****1 Details of Audit Qualification:-**

According to information available and explanations obtained, in respect of

(i) advances given to certain companies for purchase of shares aggregating to Rs. 31,079.48 lakhs,

(ii) investments in shares of certain companies aggregating to Rs. 31,025.45 lakhs,

(iii) investments in debentures of certain companies aggregating to Rs. 1,512.18 lakhs,

(iv) inter corporate deposits given to certain companies aggregating to Rs. 13,853.66 lakhs,

(v) other advances given to/recoverable from certain companies/parties aggregating to Rs.11,103.58 lakhs, and

(vi) security deposits given to certain parties aggregating Rs.47,531.00 lakhs,

it has been observed that these advances/deposits/investments have been standing in the books for a long period of time, there being no movements in these advances. Due to non-availability of sufficient information with regard to the status of these items, we are unable to comment (i) on the realisability/recoverability or otherwise of these advances/deposits and (ii) on the decline, if any, in the carrying amount of these investments which is other than temporary, and the quantum thereof, and the ultimate impact on the financial statements, and hence we are unable to express an opinion on this matter.

2 Type of Audit Qualification:

Disclaimer of Opinion

3 Frequency of qualification:

1st time Disclaimed

4 For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

*The new management in pursuit to identify and recover the advances made by the earlier management and as ordered by the Hon'ble Supreme Court has been seeking the co-operation from the erstwhile chairman and managing directors to recover these old outstandings. The response of the erstwhile chairman and managing directors is awaited and till then it would not be prudent on the part of the new management to diminish the value of these receivables*

5 For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

(ii) If management is unable to estimate the impact, reasons for the same:

(iii) Auditors' Comments on (i) or (ii) above:



Matter 9 Details of Audit Qualification:-

- 1 We draw attention to the Note 'Investment Property' in the consolidated financial statements, in which the investment is carried at cost. We have been informed by the management that the carrying value of such investment is lower than the fair market value. However, in the absence of a current valuation report, the fair market value is indeterminate. Hence we are unable to express an opinion on the adjustment, if any, that would have to be made on the carrying value of such investment property, had such valuation been done, and the resultant impact on the reserves & surplus.
- 2 Type of Audit Qualification: Disclaimer of Opinion  
3 Frequency of qualification: 1st time Disclaimer
- 4 For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:  
*The rental value is indicative that the fair value of the property would be more than the stated value. The Company could not carry the fair valuation this year. The fair valuation exercise would not have any negative impact on the financial position of the Company.*
- 5 For Audit Qualification(s) where the impact is not quantified by the auditor:  
(i) Management's estimation on the impact of audit qualification:  
(ii) If management is unable to estimate the impact, reasons for the same:  
(iii) Auditors' Comments on (i) or (ii) above:

Matter 10 Details of Audit Qualification:-

- 1 Material Uncertainty Related to Going Concern  
The management has prepared these consolidated financial statements on a going concern basis, notwithstanding the fact that, the Company has incurred losses, and has challenges in meeting its operational obligations, servicing its current liabilities including bank loans and public deposits. The Company also has various litigation matters which are pending before different forums, and various projects of the Company have stalled/slowed down.
- As mentioned earlier, subsequent to the new Board of Directors taking over the management, a Resolution Framework has been submitted to the Hon'ble Supreme Court by the Company, as mentioned in Para 2 above, wherein the Company has requested the Hon'ble Supreme Court to grant numerous reliefs so that the Company is able to meet its operational obligations and settle its liabilities. The Board has also submitted in the RF that on the basis of review of records and finances of Unitech group as currently available, it appears that Unitech Group has significant negative net worth and may not be able to attract a resolution/ settlement under the Insolvency and Bankruptcy Code (IBC). At present the resolution framework is under the consideration of the Hon'ble Supreme Court.
- These conditions indicate the existence of material uncertainty that may cast significant doubt about Company's ability to continue as a going concern. The appropriateness of assumption of going concern is critically dependent upon the Company's ability to raise finance and generate cash flows in future to meet its obligations, and also on the final decision of the Hon'ble Supreme Court on the Resolution Framework.
- Considering the above, we are unable to express an opinion on this matter.
- 2 Type of Audit Qualification: Disclaimer of Opinion  
3 Frequency of qualification: 1st time Disclaimer
- 4 For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:  
*The management has already stated its position in the resolution framework of the Company*
- 5 For Audit Qualification(s) where the impact is not quantified by the auditor:  
(i) Management's estimation on the impact of audit qualification:  
(ii) If management is unable to estimate the impact, reasons for the same:  
(iii) Auditors' Comments on (i) or (ii) above:

Matter 11

- 1 Details of Audit Qualification:-  
The Excise & Taxation Officer-cum-Assessing Authority, Gurugram(East) has raised a demand of Rs.1891.73 lakhs for Assessment Year 2016-17 in terms of Order of assessment dated 11.02.2020 under the Haryana Value Added Tax Act, 2003. No appeal has been filed by the holding Company till date and liability for the said demand has not been accounted for in the consolidated financial statements and hence the liabilities are understated to the extent of the aforesaid demand.
- 2 Type of Audit Qualification: Qualified  
3 Frequency of qualification: 1st time qualification
- 4 For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:  
*The company could not file the due appeal due to COVID 19 and is expected to file the appeal any time soon*
- 5 For Audit Qualification(s) where the impact is not quantified by the auditor:  
(i) Management's estimation on the impact of audit qualification:  
(ii) If management is unable to estimate the impact, reasons for the same:  
(iii) Auditors' Comments on (i) or (ii) above:

For R Nagpal Associates  
Chartered Accountants  
Firm Registration no.: 002626N

Ravinder Nagpal  
Partner  
Membership No.081594

Place: Gurugram  
Date : November 9th, 2020



As certified by the C. F. O.  
*(Y. S. Malik)*  
CMD, Unitech Limited

Yudhvir Singh Malik  
Chairman & Managing Director

Girish Kumar Ahuja  
Chairman Audit Committee

Deepak Kumar Tyagi  
Chief Financial Officer

