

unitech

UNITECH LIMITED

CIN: L74899DL1971PLC009720

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Extract of Audited Consolidated Financial Results for the Quarter and year Ended 31st March, 2020

(₹ in Lacs except EPS)

Sl No.	Particulars	Quarter Ended 31.03.2020 (Audited)	Year Ended 31.03.2020 (Audited)	Year Ended 31.03.2019 (Audited)
1	Total income from operations (Net)	13,771.67	1,71,627.22	1,33,746.83
2	Net Profit/(Loss) from ordinary activities after tax	(133,954.05)	(1,58,186.37)	(79,284.87)
3	Net Profit/(Loss) for the period after Tax (After Extraordinary items)	(133,954.05)	(1,58,186.37)	(79,284.87)
4	Total Comprehensive Income for the period (Comprising Profit/(Loss) for the period (after tax) and Other Comprehensive Income (after tax))	131,536.52	(1,56,045.93)	(83,874.28)
5	Equity Share Capital	52,326.02	52,326.02	52,326.02
6	Earnings Per Share for continuing operations (before/ after extraordinary items) # (of Rs. 2/- each) Basic and Diluted (Rs.) *(Not Annualized):	(5.04)	(6.00)	(3.06)
7	Earnings Per Share for discontinued operations (before/ after extraordinary items) # (of Rs. 2/- each) Basic and Diluted (Rs.) *(Not Annualized):	0.01	0.03	0.04
8	Earnings Per Share for continuing & discontinued operations (before/ after extraordinary items) # (of Rs. 2/- each) Basic and Diluted (Rs.) *(Not Annualized):	(5.03)	(5.97)	(3.02)

Extra Ordinary Items - NIL

Notes:

i) The above Financial Results (prepared on consolidated basis) have been reviewed by the Audit Committee and approved by the Board of Directors of Unitech Limited at their respective meetings held on 9th November 2020.

ii) The Hon'ble Supreme Court vide its order dated 20th 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2020 has, inter alia, given directions that the Board of Directors of Unitech Limited, as existing on that date, be superseded with immediate effect in order to facilitate the taking over of management by the new Board of Directors constituted in terms of the proposal submitted by the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 audit report of the statutory auditors on the Audited Consolidated financial results of Unitech Limited for the quarter and year ended March 31st, 2020, contains disclaimer of conclusions on certain matters which is being summarised below:-

a) We draw attention to fact that only one subsidiary viz. Unitech Power Transmission Limited (UPTL), out of 218 subsidiaries & 1 foreign branch, has been audited by its auditors.

The Company has provided us with the audited financial statements of UPTL and the management results/financials of the remaining subsidiaries/foreign branch. Except for reviewing the financials of UPTL, no limited review of the remaining subsidiaries/foreign branch has been carried out by us, since only management results/financials have been provided to us and further, these have also not been reviewed/audited by their respective auditors. Here we would like to mention that a number of directors have resigned in a number of the subsidiaries, resulting in 153 subsidiaries having less than the minimum number of directors as required under the Companies Act 2013, and thus rendering the conducting of board meetings and adoption of accounts unfeasible. We have also observed from the MCA portal that the status of 5 subsidiaries is reflected as 'Strike-off' [these are marked with an asterisk (*) in para 6(a)]. We are unable to comment on the veracity of the unaudited/un-reviewed management results/financials provided as mentioned above, and hence we are unable to express an opinion on the consolidated financial statements.

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

The audit of the required number of companies could not be completed for the reasons beyond the control of the management

b) The holding 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 holding 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 holding 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 holding 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 holding 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 holding Company's other projects with GNIDA and forfeited Rs. 13893.42 lakhs.

The holding 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.

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

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 shall be there as such.

c) 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 consolidated 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 consolidated financial statements of the Company, and hence we are unable to express an opinion on this matter.

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

It's a matter of reconciliation with the Registry of the Hon'ble Supreme Court. The company is trying to have better information and there shall be no adjustment required in the statement of Profit & Loss.

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

Further, the holding 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 9(b) above.

Pursuant to Section 74(2) of the Companies Act, 2013, the holding 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 holding 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 holding 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 holding 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.

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 5 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 consolidated financial statements is currently not ascertainable, and hence we are unable to express an opinion on this matter.

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

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

e) Advances amounting to Rs. 45,471.90 lakhs (net of provision for doubtful advances) (previous year ended 31st March, 2019 - Rs. 57,544.17 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.

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

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.

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 outstanding 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.

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

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 & 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

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 9(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.

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

The matters are various stages of litigation at appropriate forum. Pending the litigation, the lenders have not co-operated to share their statement and in the absence of such loan statements, the figures pertaining to outstanding principal and interest have been drawn as per the terms of loan agreement and the payment made by the Company

h) According to information available and explanations obtained, with respect to the holding company for the following items, wherein,

(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.

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.

i) We draw attention to Note no.4 'Investment Property' to 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.

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

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.

j) 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.

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

The management has already stated its position in the resolution framework of the Company

iv) The above is an extract of the detailed format of Consolidated Financial Results for quarter & year ended March 31, 2020 filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The detailed Standalone and Consolidated Financial Results for quarter & year ended March 31, 2020 are available on the Stock Exchange websites (www.bseindia.com/www.nseindia.com) and Company's website www.unitechgroup.com.

v) Key Standalone financials are as follows: (Rs. in Lakhs)

Sl No.	Particulars	Quarter Ended 31.03.2020 (Audited)	Year Ended 31.03.2020 (Audited)	Year Ended 31.03.2019 (Audited)
1.	Income from Operations (Turnover)	2,857.20	1,14,466.21	50,803.44
2.	Profit/(Loss) Before Tax	(1,04,590.96)	(1,15,372.85)	(71,839.74)
3.	Profit/(Loss) After Tax	(1,05,401.88)	(1,19,064.78)	(66,731.60)
4.	Total Comprehensive Income for the period (Comprising Profit/(Loss) for the period (after tax) and Other Comprehensive Income (after tax)	(1,05,229.71)	(1,18,934.22)	(71,522.74)

Place: Gurugram

Dated: November 09, 2020

For Unitech Limited

Yudhvir Singh Malik

Chairman & Managing Director