

## Directors' Report

Your Directors have pleasure in presenting their 53<sup>rd</sup> Report on the business and operations of the Company together with the audited results for the financial year ended 31 March 2018.

### Financial Results

(₹ in crore)

|  | Consolidated    |          | Standalone      |          |
|--|-----------------|----------|-----------------|----------|
|  | 2017-18         | 2016-17  | 2017-18         | 2016-17  |
| Total income from operations   | <b>7,663.71</b> | 8,940.51 | <b>3,803.79</b> | 4,405.26 |
| Total expenses   | <b>7,813.59</b> | 8,340.25 | <b>3,137.68</b> | 3,482.56 |
| Profit before exceptional items and tax                                    | <b>(149.88)</b> | 600.26   | <b>666.11</b>   | 922.70   |
| Exceptional items (net)  | <b>8,765.34</b> | 429.26   | <b>(120.66)</b> | (42.25)  |
| Profit before tax  | <b>8,615.46</b> | 1,029.52 | <b>545.45</b>   | 880.45   |
| Less: Tax expense  | <b>4,323.05</b> | 229.26   | <b>180.25</b>   | 283.89   |
| Profit after tax   | <b>4,292.41</b> | 800.26   | <b>365.20</b>   | 596.56   |
| Share of Profit/(loss) in associates and jointly controlled entities (net) | <b>184.38</b>   | (92.26)  | -               | -        |
| Net Profit for the year  | <b>4,476.79</b> | 708.00   | <b>365.20</b>   | 596.56   |

Consolidated revenue for the FY'18 was ₹ 7,664 crore with EBIDTA of ₹ 3,334 crore. The net profit was ₹ 4,477 crore, including one time exceptional gain on account of fair valuation of DLF's residual stake in DLF Cyber City Developers Limited (DCCDL), a subsidiary. The earnings per share (EPS) for the year stood at ₹ 25.02.

The cost of land, plots, development rights, constructed properties and others decreased to ₹ 3,115 crore on consolidated basis. However, staff cost increased marginally to ₹ 344 crore and depreciation, amortization and impairment charges were at ₹ 534 crore.

The financials for current year are not strictly comparable with previous year due to dilution of stake in DCCDL to Reco Diamond Private Limited, an affiliate of GIC Real Estate, Singapore (GIC Real Estate). Due to this, DCCDL was accounted as joint venture w.e.f. 26 December 2017 in terms of applicable Ind AS. However, DCCDL continued to be a material subsidiary

of your Company under the provisions of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations).

Your Company's Balance Sheet as at 31 March 2018 reflected a healthy position with a net worth of ₹ 35,359 crore. This was primarily achieved because of infusion of funds by the promoter entities, which were substantially utilized to pare down net debt which stood at ₹ 6,265 crore as on 31 March 2018.

The annuity arm - DCCDL and its subsidiaries recorded revenues of ₹ 4,930 crore with EBIDTA of ₹ 3,523 crore in FY'18, a growth of 13% over ₹ 4,363 crore recorded in FY'17. The net profit increased to ₹ 1,421 crore, a growth of 15% over ₹ 1,240 crore recorded in FY'17.

### Significant Development

In FY'18, the Company entered into a land mark transaction with GIC Real Estate, which was over viewed by the Audit Committee comprising of Independent Directors. The deal demonstrated your Company's leadership position in the industry. The stake sale by promoter(s) in DCCDL brought one of the best global investors as a shareholder in DCCDL and positioned the annuity business on the path of accelerated growth. The Company made a preferential offer of Compulsorily Convertible Debentures (CCDs) and Warrants to the promoters, which were fully subscribed by them, thereby committing ₹ 11,250 crore to the Company. These CCDs and Warrants will be converted/ exercised into 51.78 crore equity shares of the Company at a price of ₹ 217.25 per equity share. The promoters remitted ₹ 9,000 crore in December 2017 and balance amount of ₹ 2,250 crore is expected to be remitted within FY 2018-19. In order to maintain minimum public shareholding as mandated under the Securities Contracts & Regulations Act, 1956 read with the Listing Regulations, the Company plans to issue up to 17.30 crore equity shares by way of private placement to Qualified Institutional Buyers (QIBs).

During the year under review, a wholly-owned subsidiary acquired a prime land parcel of 11.76 acres (approx.) in Udyog Vihar, Gurugram (opposite to the Cyber City, Gurugram) through e-auction conducted by Haryana State Industrial & Infrastructure Development Corporation Limited. The commercial development of approx. 0.23 million square meter (msm) [2.5 million square feet (msf)] on the said land would be on the

similar pattern of One Horizon Center located in DLF5, Gurugram.

During the year under review, your Company also achieved the completion of 'The Chanakya', which is one of the finest mall developed and can compare with the best globally.

### **Revenue Recognition (Ind AS 115)**

Pursuant to the notification issued by the Ministry of Corporate Affairs, your Company has adopted new accounting standard Ind AS 115 with effect from 1 April 2018. The core principle of the new standard is that revenue should be recognized only when an entity transfers control of goods or services to customers, at the amount which the entity expects to be entitled. Ind AS 115 contains extensive disclosure requirements and use of judgement and estimates in comparison to existing accounting standards.

In real estate industry, the parameters for revenue recognition will undergo a substantial change. Until now, your Company followed 'Percentage of Completion Method' (PoCM) for revenue accounting. Based upon the expert opinion, both legal and accounting on the contracts entered with the customers, obtained by your Company, it has shifted to recognition of revenues when obligations of the Company have essentially been completed, risks have nearly been eliminated for the organization and control over the property has deemed to be passed over to the buyer, from the financial year 2018-19.

In view of the above, your Company has applied the modified retrospective approach to contracts that were not completed as at 1 April 2018. Accordingly, your Company's retained earnings as at 1 April 2018 have been reduced by ₹ 5,382.82 crore (net of taxes).

### **Review of Operations**

Your Company's development business primarily focuses on the development and sale of residential real estate which include plotted developments, houses, villas and apartments of varying sizes and integrated townships, with a focus on the high end luxury residential developments. The development business also consists of certain commercial and shopping complexes, including those that are integral to the residential developments they are attached to.

Your Company's lease business involves leasing of its developed offices and retail properties. One of the key objectives of its lease business is to achieve returns from investments in its portfolio properties on

an ongoing basis within a targeted time frame. Another key objective is to achieve high occupancy rates for the leased portfolio properties. The utilities and facility management business supports and complements the lease business.

### **Residential Segment**

As at 31 March 2018, your Company had approximately 0.56 msm (6 msf) of projects under construction.

The Company achieved gross sales booking of ₹ 1,700 crore in FY'18. It is pertinent to note that these figures reflect sales achieved over a period of 7 months, as sales were closed for the balance period due to implementation and streamlining of operations as per the Real Estate (Regulation and Development) Act, 2016.

### **Lease Business**

As at 31 March 2018, your Company's lease business comprised completed offices and retail properties with leasable area of approximately 2.93 msm (31.50 msf) [including DCCDL and its subsidiaries]. On completion of development at Chennai SEZ and Cyber Park, Gurugram approximately 0.34 msm (3.65 msf) area would be added.

### **Future Outlook**

Setting-up of the joint venture between DLF and GIC Real Estate for DLF's predominant rental arm - DCCDL was undertaken with a twin objective - firstly to strengthen the balance sheet of DLF & significantly deleverage the Development business and secondly to provide key focus on accelerated growth of DCCDL business.

Within DCCDL, the focus is to work on a plan which provides growth of EBITDA in mid - teens. The free cash flow generated from DCCDL annuity income shall be judiciously utilized for capital expenditure, deleveraging and increasing dividend flow to its shareholders.

The development business shall be driven by appropriately utilizing free cash flow targeted for development into new projects with high returns on development costs and balance free cash flow to build-up cash reserves for any potential strategic initiatives.

In the last few years, the Company followed a strategy of accelerated construction and completion of all launched projects vis-à-vis sales thereby building finished inventory. Your Company today has finished inventory worth approximately ₹ 15,000 crore (net of

construction expenses), which it shall continue to sell over a period of time.

Your Company will endeavor to sell future projects once they have attained a degree of tangible progress & reduced uncertainties. It has already launched construction of residential complex at Capital Greens IV, New Delhi, which is part of 0.65 msm (7 msf) development, another JV with GIC. Further, projects are being identified for development, with an objective that inventory available for sale could be continuously replenished in a 4 year cycle.

Your Company endeavours to make itself debt free on the development side of the business in the near term.

### **Real Estate (Regulation and Development) Act, 2016 (RERA)**

The Central Government had notified the RERA in 2016, however States have notified and implemented the relevant rules during the fiscal year 2017-18. RERA has streamlined norms for transparency and accountability and placed a compliance mechanism for timely delivery of quality housing projects. In the long run, RERA will boost consumer confidence and will pave way for significant demand for housing products and facilitate flow of investments.

### **Goods and Services Tax**

The indirect tax reform Goods and Services Tax (GST) was implemented w.e.f. 1 July 2017. The new tax structure subsumed various Indirect Taxes such as Excise duty, Service tax and Value added tax etc., which were levied by the Central and various State Governments. The GST aims to create a uniform market and eliminates multiple levels of taxation. This has created a higher level of transparency and streamlined the overall indirect tax structure.

### **Impact on Development Business**

An effective rate of 12% is applicable on basic selling price and parking cost (i.e. after one third deemed deduction on account of transfer of land or undivided share of land) in case of sale of under construction commercial/ residential property, before receipt of occupation certificate or completion certificate. GST is being currently recovered at the rate of 18% on preferential location charges and other services. GST charged by vendors/ contractors/ service providers is available as input tax credit against sale of such property.

### **Impact on Rental Business**

GST rate is 18% in case of rental services and other auxiliary services without any credit on Goods and

Services used for construction of leasable building (other than plant and machinery). Benefit for SEZs continued as zero rate of tax is applicable in case of supplies are made to SEZ units, Developers and Co-developers. This has made SEZs relevant again, even without the Direct Tax benefits.

### **Dividend**

Your Company has paid an interim dividend of ₹ 1.20 per equity share of the face value of ₹ 2/- each. The Directors are pleased to recommend a final dividend of ₹ 0.80 per equity share for FY 2017-18. With the above recommendation, the total dividend is ₹ 2/- per equity share (previous year ₹ 2/- per equity share) for the said financial year. The total outgo on account of interim and final dividend would be ₹ 356.84 crore for the financial year as against ₹ 356.81 crore for the previous year.

The dividend payout is in accordance with the Company's Dividend Distribution Policy. The said policy formulated by the Board pursuant to Regulation 43A of the Listing Regulations is appended at **Annexure-F** to this report. The said policy is also available on the website of the Company [http://www.dlf.in/images/downloads/170601162837\\_0001.pdf](http://www.dlf.in/images/downloads/170601162837_0001.pdf).

### **Reserves**

The Company as per the provisions of the Companies (Share Capital and Debentures) Rules, 2014, as amended, has adequate Debenture Redemption Reserve (DRR). No amount is proposed to be transferred to DRR as well as General Reserve.

### **Share Capital**

During the year under review with the approval of the Members, the Company has increased its authorized share capital to ₹ 1,000 crore by creating additional 250 crore equity shares of ₹ 2/- each.

The Board of Directors of your Company in its meeting held on 29 December 2017 have allotted 37,97,46,836 fully paid-up 0.01% Compulsorily Convertible Unsecured Debentures (CCDs) of ₹ 217.25 each at par convertible into equal number of equity shares of ₹ 2/- each and 13,80,89,758 Warrants of ₹ 217.25 each exercisable into equal number of equity shares of ₹ 2/- each of the Company to the promoters. The CCDs and Warrants shall be converted/ exercised into equity shares upon issuance of 17.30 crore equity shares of ₹ 2/- each by way of private placement to the persons falling under the public category of shareholders in compliance to minimum public shareholding norms.

The Board of Directors have also allotted 63,938 equity shares of ₹ 2/- each fully paid-up upon exercise of stock options by the eligible employees under the Employee Stock Option Scheme, 2006 thereby increasing the paid-up share capital by ₹ 1.28 lakhs.

### **Credit Rating**

CRISIL has assigned Long-Term/ Non-convertible Debentures Rating A+/ Stable (upgraded from 'CRISIL A'; Removed from 'Rating Watch with Developing Implications') and Short-Term/ Short-Term Debt Rating of CRISIL A1 (Upgraded from 'CRISIL A2+'; Removed from 'Rating Watch with Developing Implications').

ICRA Limited ('ICRA') has upgraded the long-term rating of the Company and its subsidiaries to "ICRA A+ with positive Outlook" from "ICRA A with Stable Outlook", while Short-Term Rating of A1 for the Company has been reaffirmed.

### **Fixed Deposits**

During the year under review, the Company has neither invited nor accepted/ renewed any deposits from the public.

### **Holding Company**

In view of the internal restructuring amongst Promoter Group entities, Rajdhani Investments & Agencies Private Limited has become a Holding Company w.e.f. 12 March 2018, holding 54.07% equity shares of the Company.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/ Outgo**

The information on conservation of energy, technology absorption and foreign exchange earnings & outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given at **Annexure-A** hereto and forms part of this Report.

### **Particulars of Employees**

The information required pursuant to Section 197(12) of the Act read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended ('the Rules') in respect of employees of the Company drawing remuneration in excess of the limits set-out in the said Rules, is annexed to this Report.

Pursuant to the provisions of Section 136(1) of the Act, the Financial Statements are being sent to the Members

and others entitled thereto, excluding the information on employees particulars specified under Rule 5(2) & (3) of the Rules. The same are also available on the website of the Company viz. [www.dlf.in](http://www.dlf.in) and for inspection by the Members at the Registered Office of the Company up to the date of the ensuing Annual General Meeting (AGM). Any Member interested in obtaining such information thereof may write to the Company Secretary.

### **Employee Stock Option Scheme (ESOS)**

Disclosures with respect to stock options as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 are available on the website of the Company viz. <http://www.dlf.in/downloads.aspx>. During the year, there has not been any change in DLF Employee Stock Option Scheme, 2006.

The certificate from S.R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, as required under Regulation 13 of the said Regulations, with respect to the implementation of DLF Employee Stock Option Scheme, 2006 is available for inspection at the Registered Office of the Company and shall be placed at the ensuing AGM.

### **Listing at Stock Exchanges**

The equity shares of your Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Non-convertible Debentures issued by your Company are also listed on the Wholesale Debt Market (WDM) segment of BSE.

### **Management Discussion & Analysis Report**

The Management Discussion & Analysis Report as required under Regulation 34 read with Schedule V to the Listing Regulations forms part of this Report.

### **Corporate Governance Report**

The Corporate Governance Report, as stipulated under Regulations 17 to 27 & 46(2) and paragraphs C, D and E of Schedule V to the Listing Regulations forms part of this Report.

The requisite certificate from S.R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, confirming compliance with the conditions of corporate governance as stipulated under the Listing Regulations is attached to the Corporate Governance Report.

## Directors' Responsibility Statement

In terms of provisions of Section 134(5) of the Act, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2018 and the profit and loss of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Board and its Committees

The Board of Directors met nine times during the FY 2017-18. Details on the composition of the Board, Committees, meetings held, attendance thereat are provided in the Corporate Governance Report and forms part of this Report.

## Auditors & Auditor's Report

S.R. Batliboi & Co. LLP, Chartered Accountants (FRN 301003E/ E300005) were appointed as Statutory Auditors of the Company for a term of five consecutive years from the conclusion of 52<sup>nd</sup> AGM till the conclusion of 57<sup>th</sup> AGM subject to ratification of their appointment at every subsequent AGM. The Ministry of Corporate Affairs vide notification dated 7 May 2018 obliterated the requirement of seeking Members' ratification at every AGM on appointment of statutory auditors during their tenure of five years. S.R. Batliboi & Co. LLP has

confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on Financial Statements (including the Consolidated Financial Statements) referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

## Cost Auditors

During the year, M/s R.J. Goel & Co., Cost Accountants (FRN 000026) were appointed as Cost Auditors of the Company for the FY 2017-18 for conducting the audit of cost records of the Company pertaining to real estate development activities. Your Company is maintaining the requisite cost records and the Cost Audit Report for the FY 2017-18 shall be filed with the Ministry of Corporate Affairs in due course.

## Secretarial Auditor

Dr. K.R. Chandratre, Company Secretary in Practice was appointed as Secretarial Auditor to conduct Secretarial Audit for the FY 2017-18. The Secretarial Audit Report for the said financial year is at **Annexure-B**. The said report is self-explanatory and do not contain any qualification, reservation and adverse remarks or disclaimer.

## Secretarial Standards

The Secretarial Standards i.e. SS-1 & SS-2 relating to meetings of the Board of Directors and General Meetings, respectively have been duly followed by the Company.

## Directors and Key Managerial Personnel

The shareholders of the Company at their Extraordinary General Meeting held on 27 December 2017 have approved appointments of Mr. Ashok Kumar Tyagi and Mr. Devinder Singh as Whole-time Directors of the Company for a period of 5 years w.e.f. 1 December 2017.

Based upon the recommendation of the Nomination and Remuneration Committee, Mr. Vivek Mehra was co-opted as an Additional Director (in the capacity of an Independent Director) by the Board on 13 February 2018, who holds office up to the date of ensuing AGM. In terms of Section 161 of the Act read with Article 101(2) of the Articles of Association of the Company, the Company has received a notice in writing from a Member of the Company proposing his candidature for the office of Director of the Company.

Pursuant to the provisions of Section 152 of the Act read with Articles of Association of the Company, Mr. Mohit Gujral and Mr. Rajeev Talwar, are liable to retire by rotation at the ensuing AGM and being eligible, have offered themselves for re-appointment.

Brief resume of Mr. Mehra, Mr. Gujral and Mr. Talwar seeking appointment/ re-appointment along with other details as stipulated under Regulation 36 of the Listing Regulations and the Act, are provided in the Corporate Governance Report and Notice for convening the AGM.

All Independent Directors have submitted declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and the Listing Regulations.

The Board has appointed Mr. Saurabh Chawla as Chief Financial Officer (designated as Group CFO) w.e.f. 29 December 2017 upon elevation of Mr. Ashok Kumar Tyagi as a Whole-time Director of the Company. Mr. Subhash Setia is the Company Secretary and Compliance Officer of the Company.

### **Corporate Social Responsibility (CSR)**

DLF has been continuously involved in holistic development of the nation with special focus on communities where it operates its business. DLF furthered its deliverables on social responsibility with strengthening of initiatives for improving lives of downtrodden and marginalized on one hand as also improving quality of another.

In addition thereto, DLF Group has made significant contribution in community welfare initiatives including the underprivileged through education, training, health, environment, capacity building, skill development and rural-centric interventions through contributions to 'DLF Foundation' and other agencies. The employees of DLF Group also participated in many of such initiatives.

During the year, the Company has contributed to the corpus of DLF Foundation to set-up an Institute for imparting and sharing knowledge of art, culture, spirituality, healthy living and ethical leadership based on India's ancient Vedic Philosophy.

The Board based on the recommendations of the CSR Committee, approved CSR policy of the Company in accordance with Section 135 of the Act and Rules made thereunder. A copy of the CSR policy is available on the Company's website viz. <http://www.dlf.in/images/downloads/Corporate-Social-Responsibility-Policy-Revised.pdf>

The Annual Report on CSR activities as per prescribed format under the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended is annexed at **Annexure-C** and forms part of this Report.

### **Subsidiaries and Consolidated Financial Statements**

As at 31 March 2018, the Company has 107 subsidiary companies in terms of the provisions of the Act. Further, details of change in subsidiaries and associates during the year are given at **Annexure-D** and forms part of this Report.

The consolidated financial statements of the Company, its subsidiaries, associates and joint ventures have been prepared in accordance with the provisions of Section 129(3) of the Act read with applicable Ind AS and forms part of the Annual Report. Further, a statement containing salient features of the financial statements of subsidiaries, associates and joint ventures in the prescribed format AOC-1 is included as a separate section and forms part of this Annual Report. The statement also provides the details of performance and financial position of each of the subsidiaries.

Pursuant to the provisions of Section 136 of the Act, audited financial statements of the Company including consolidated financial statements, other documents required to be attached thereto and audited financial statements of each of the subsidiaries, are available on the website of the Company and may be accessed at <http://www.dlf.in/downloads.aspx>. These documents will also be available for inspection at the Registered Office(s) of the Company and respective subsidiary company between 2.00-4.00 P.M. on all working days.

In terms of the provisions of Listing Regulations, your Company has a policy for determining 'Material Subsidiary' and such policy is available on the Company's website at the link <http://www.dlf.in/images/downloads/Material-Subsidiary-Policy.pdf>.

Your Company has appointed Independent Director(s) in all material subsidiaries in compliance with the provisions of the Listing Regulations.

### **Environment Policy**

The Company has over the years, gone beyond the requirements of law in improving the environment in the ecosystem that it operates in and it has formalized and adopted a Corporate Environment Policy which is also available on the Company's website at the link <http://www.dlf.in/environmental-policy.aspx>.

### **Extract of Annual Return**

The extract of Annual Return in form MGT-9 as provided under Section 92(3) of the Act is at **Annexure-D**.

### **Accolades**

Your Company continues to lead and has received number of awards. Details of major Awards and Accolades received during the year are provided at **Annexure-E**.

### **Business Responsibility Report (BRR)**

The BRR describes the initiatives taken by the Company from social, environmental and governance perspectives, is attached at **Annexure-G** and forms part of the Annual Report.

### **Particulars of Loans, Guarantees and Investments**

Particulars of loans, guarantees and investments have been disclosed in the notes to the standalone financial statements.

### **Transactions with related parties**

The Company has adequate procedures for identification and monitoring of related party(ies) and related party transactions. None of the transactions with related parties falls under the scope of Section 188(1) of the Act. Information on transactions with related parties pursuant to Section 134(3)(h) and 136(1) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, as amended, are available on the website of the Company viz. **www.dlf.in**.

The Company's policy for related party transactions regulates the transactions between the Company and its related parties. The said policy is available on the Company's website viz. **http://www.dlf.in/images/downloads/RPT-Policy.pdf**. The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties.

For details on related party transactions, Members may refer to the notes to the standalone financial statements.

### **Nomination and Remuneration Policy**

The Nomination and Remuneration Policy containing guiding principles for appointment and payment of remuneration to Directors, Senior Management, Key Managerial Personnel and other employees including Non-executive Directors are provided in the Corporate Governance Report. The said

policy is available on the Company's website viz. **http://www.dlf.in/images/downloads/Nomination-and-Remuneration-Policy.pdf**.

### **Board Evaluation**

Pursuant to the provisions of the Act, Regulation 17 & 25 of the Listing Regulations and Guidance Note on Board Evaluation issued by the SEBI vide its circular dated 5 January 2017, the Nomination and Remuneration Committee has devised criteria for evaluation of the performance of Directors including Independent Directors. The Board has carried out the annual performance evaluation of its own performance, its Committees and Directors. The exercise was led by the Lead Independent Director. The evaluation process focused on various aspects of the Board and Committees functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, corporate governance & compliance management etc. Separate exercise was carried out to evaluate the performance of Non-executive Directors on parameters such as experience, attendance, acquaintance with the business, effective participation, vision and strategy, contribution and independent judgement.

### **Internal Financial Control**

Internal financial controls are integral part of the risk management process addressing amongst others financial and non-financial risks. The internal financial controls have been documented and augmented in the day to day business processes. Assurance on the effectiveness of internal financial controls is obtained through management reviews, self-assessment, continuous monitoring by functional experts as well as testing by the Statutory/ Internal Auditors during the course of their audits. Significant audit observations and follow-up actions thereon are reported to the Audit Committee.

The Company's internal control system is commensurate with the nature, size and complexities of operations.

### **Risk Management**

Pursuant to the requirement of Regulation 21 of the Listing Regulations, Risk Management Committee is responsible to frame, implement, monitor risk management plan and ensure its robust effectiveness. The details of the Committee and its terms of reference are set-out in the Corporate Governance Report as a separate section of this Annual Report.

The Company has established risk management framework which is designed to enable risks to be identified, assessed and mitigated appropriately both in respect of internal and external risks. The respective Function/ Business Unit Head(s) are entrusted with the responsibility of identifying, mitigating and monitoring of risk management. Risk Management forms an integral part of the management policy and is an ongoing process integrated with operations.

The processes and guidelines of the risk management policy/ plan provide a strong overview and monitoring system at Board and senior management levels.

The Risk Management Committee and Audit Committee also seek independent assurance on specific risks from internal audit or other assurance reviews.

#### **Significant and material orders passed by Regulators or Courts**

During the year under review, no significant material orders were passed by the regulators/ courts which would impact the going concern status of the Company and its future operations. However, some of the significant orders are forming part of Note 52 to the standalone financial statements.

#### **Vigil Mechanism**

The Company has a vigil mechanism in the form of Whistle Blower Policy in line with the Act and the Listing Regulations to deal with instances of unethical and/ or improper conduct and actioning suitable steps to investigate and correct the same. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the website of the Company.

#### **Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace**

Your Company continues to follow robust Policy on "Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace". The Internal

Committee has been constituted as per the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year under review, three cases were reported and two were disposed of. The Company continue to promote the cause of women colleagues, through "Jagruti"- an all women's forum for experience sharing, creating awareness on women safety & related issues and celebrating important days dedicated to women and also organizing ongoing workshops on gender sensitivity [approx. 300 employees (male & female) were covered under this].

#### **Acknowledgements**

Your Directors wish to place on record their sincere appreciation to all the employees for their dedication and commitment. The hard work and unstinting efforts of the employees have enabled the Company to sustain and further consolidate its position in the industry.

Your Company continues to occupy a place of respect among stakeholders, most of all our valuable customers. Your Directors would like to express their sincere appreciation for assistance and co-operation received from the vendors and stakeholders including financial institutions, banks, Central and State Government authorities, customers and other business associates, who have extended their valuable and sustained support and encouragement during the year under review. It will be the Company's endeavour to build and nurture these strong links with its stakeholders.

For and on behalf of the Board of Directors



New Delhi  
10 August 2018

(Dr. K.P. Singh)  
Chairman  
(DIN 00003191)