

DIRECTORS' REPORT

To

The Members,

Oberoi Realty Limited

Your Directors have pleasure in presenting the Twentieth Annual Report of the Company on the business and operations of the Company, together with the Audited Financial Statement for the year ended March 31, 2018.

FINANCIAL RESULTS

The Company's performance during the financial year ended March 31, 2018 as compared to the previous financial year is summarised below:

Particulars	(₹ in Lakh)			
	CONSOLIDATED		STANDALONE	
	2017-18	2016-17	2017-18	2016-17
Revenue from operations	1,26,542.90	1,11,374.39	97,422.33	89,071.20
Other income	2,657.80	4,760.29	10,911.85	5,848.15
Total revenue	1,29,200.70	1,16,134.68	1,08,334.18	94,919.35
Expenses	64,610.11	59,904.99	49,240.34	47,306.14
Profit before share of profit of joint venture (net)	64,590.59	56,229.69	59,093.84	47,613.21
Share of Profit/(Loss) of joint ventures (net)	361.97	313.93	-	-
Profit before tax	64,952.56	56,543.62	59,093.84	47,613.21
Tax expenses	19,072.24	18,684.86	17,377.06	15,548.24
Other comprehensive income (net of tax)	118.67	22.48	78.62	20.52
Total comprehensive income for the year	45,998.99	37,881.24	41,795.40	32,085.49

NATURE OF BUSINESS

The Company is engaged in the activities of Real Estate Development and Hospitality. On the real estate development front, the Company develops residential, commercial, retail and social infrastructure projects. There was no change in nature of the business of the Company, during the year under review.

FINANCIAL PERFORMANCE

Consolidated Financials

During the year under review, your Company's consolidated total revenue stood at ₹ 1,29,200.70 lakh as compared to ₹ 1,16,134.68 lakh for the previous year, representing an increase of 11.25%; profit before tax stood at ₹ 64,952.56 lakh for the year under review as compared to ₹ 56,543.62 lakh for the previous year representing an increase of 14.87%; and the total comprehensive income stood at ₹ 45,998.99 lakh as compared to ₹ 37,881.24 lakh for the previous year representing an increase of 21.43%.

Standalone Financials

During the year under review, the total revenue stood at ₹ 1,08,334.18 lakh as compared to ₹ 94,919.35 lakh for the previous year representing an increase of 14.13%; profit before tax stood at ₹ 59,093.84 lakh for the year under review as compared to ₹ 47,613.21 lakh for the previous year representing an increase of 24.11%; and the total comprehensive income stood at ₹ 41,795.40 lakh as compared to ₹ 32,085.49 lakh for the previous year representing an increase of 30.26%.

REPORT ON PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The performance and financial position of each of the subsidiaries, associates and joint venture companies for the year ended March 31, 2018 is attached to the financial statements hereto.

No company has become or ceased as subsidiary, associate and joint venture, during the year under review.

TRANSFER TO RESERVES

It is not proposed to transfer any amount to reserves out of the profits earned during FY 2017-18.

DIVIDEND

Despite macro-economic headwinds, sluggish industry volume numbers and increased costs, there is an overall improvement in business/ investment sentiment, and taking into consideration the stable performance of your Company and in recognition of the trust in the management by the members of the Company, the Directors are pleased to recommend a dividend at the rate of ₹ 2 per equity share, i.e. 20% of the paid up Equity Share Capital for the year ended March 31, 2018 (previous year: ₹ 2 per Equity Share, (i.e. 20%) of the paid up Equity Share Capital).

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DEPOSITS

During the year under review, your Company neither accepted any deposits nor there were any amounts outstanding at the beginning of the year which were classified as 'Deposits' in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 and hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Companies Act, 2013 is not applicable.

DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position, have occurred between the end of the financial year of the Company and date of this report.

INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Statutory Auditors and the Internal Auditors of the Company on the inefficiency or inadequacy of such controls.

INTERNAL CONTROL SYSTEMS

Adequate internal control systems commensurate with the nature of the Company's business and size and complexity of its operations are in place and have been operating satisfactorily. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL

No significant and material orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions/contracts/arrangements of the nature as specified in Section 188(1) of the Companies Act, 2013 entered by the Company during the year under review with related party(ies) are in ordinary course of business and on arm's length. Further none of such transactions/contracts/arrangements are material (i.e., satisfying the criteria provided in first proviso of section 188(1) of the Companies Act, 2013) in nature. Hence, no particulars in form AOC-2 are furnished. Kindly refer the financial statements for the transactions with related parties entered during the year under review.

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS UNDER SECTION 186

The particulars of loans, guarantees and investments given/ made during the financial year under review and governed by the provisions of Section 186 of the Companies Act, 2013 has been furnished in **Annexure I** attached herewith and forms part of this report. Kindly refer the financial statements for the loans, guarantees and investments given/ made by the Company as on March 31, 2018.

DISCLOSURE RELATING TO EQUITY SHARES WITH DIFFERENTIAL RIGHTS

The Company has not issued any equity shares with differential rights during the year under review and hence no information as per provisions of Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

DISCLOSURE RELATING TO SWEAT EQUITY SHARES

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

DISCLOSURE RELATING TO EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME

During the year under review, the unexercised portion of employee stock options vested in Option Grantees on May 4, 2014 expired on May 4, 2017 for non-exercise within the Exercise Period. Further, during the year under review, certain Option Grantees have exercised 66,811 options vested in them.

In compliance with the provisions of Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and SEBI (Employee Share Based Employee Benefits) Regulations, 2014, the details of Employee Stock Option Scheme as on March 31, 2018 are furnished in **Annexure II** attached herewith and forms part of this report.

DISCLOSURES IN RESPECT OF VOTING RIGHTS NOT DIRECTLY EXERCISED BY EMPLOYEES

There are no shares held by trustees for the benefit of employees and hence no disclosure under Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 has been furnished.

MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors and Key Managerial Personnel

There was no change in the composition of Board of Directors and the Key Managerial Personnel during the year under review.

Also, in terms of Section 152 read with Section 149(13) of the Companies Act, 2013, Ms. Bindu Oberoi is liable to retire by rotation. The said Director has offered herself for reappointment and resolution for her reappointment, is incorporated in the Notice of the ensuing Annual General Meeting.

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Declarations by Independent Directors

Pursuant to the provisions of sub-section (7) of Section 149 of the Companies Act, 2013, the Company has received individual declarations from all the Independent Directors confirming that they fulfill the criteria of independence as specified in Section 149(6) of the Companies Act, 2013.

DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

Board Meetings

The Board of Directors met 4 times during the financial year ended March 31, 2018 in accordance with the provisions of the Companies Act, 2013 and rules made there under. All the Directors actively participated in the meetings and provided their valuable inputs on the matters brought before the Board of Directors from time to time. Additionally, on January 30, 2018, the Independent Directors held a separate meeting in compliance with the requirements of Schedule IV of the Companies Act, 2013 and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Director's Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended March 31, 2018, the Board of Directors hereby confirms that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures, wherever applicable;
- (b) such accounting policies have been selected and applied consistently and the Directors 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 March 31, 2018 and of the profits of the Company for the year ended on that date;
- (c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts of the Company have been prepared on a going concern basis;
- (e) internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Nomination and Remuneration Committee

A Nomination and Remuneration Committee is in existence in accordance with the provisions of sub-section (1) of Section 178 of the Companies Act, 2013. Kindly refer section on Corporate Governance, under head 'Nomination, Remuneration, Compensation and Management Development Committee' for matters relating to constitution, meetings, functions of the Committee and the remuneration policy formulated by this Committee.

Audit Committee

An Audit Committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. Kindly refer section on Corporate Governance, under head 'Audit Committee' for matters relating to constitution, meetings and functions of this Committee.

Corporate Social Responsibility Committee

As per the provisions of Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee constituted by the Board of Directors exists.

For details of the composition of the Committee, the CSR policy and other relevant details that are required to be disclosed under the provisions of Section 134(3)(o) of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, kindly refer **Annexure III** attached herewith and which forms part of this report.

Other Board Committees

For details of other board committees, kindly refer the section on Corporate Governance.

Vigil Mechanism for the Directors and Employees

In compliance with the provisions of Section 177(9) of the Companies Act, 2013, the Board of Directors of the Company has framed the "Whistle Blower Policy" as the vigil mechanism for Directors and employees of the Company.

The Whistle Blower Policy is disclosed on the website of the Company at http://www.oberoirealty.com/pdf/Whistle_Blower_Policy.pdf

Fraud Reporting

During the year under review, no instances of fraud were reported by the Statutory Auditors of the Company.

Risk Management Policy

The Board of Directors of the Company has put in place a Risk Management Policy which aims at enhancing shareholders' value and providing an optimum risk-reward trade off. The risk management approach is based on a clear understanding of the variety of risks that the organisation faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation measures.

Annual Evaluation of Directors, Committee and Board

The Nomination and Remuneration Committee of the Board has formulated a Performance Evaluation Framework, under which the Committee has identified criteria upon which every Director, every Committee and the Board as a whole shall be evaluated. During the year under review the evaluation of every Director, every Committee and the Board had been carried out.

Particulars of Employees and Remuneration

The information as required under the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in **Annexure IV** attached herewith and which forms part of this report.

Payment of remuneration / commission to executive directors from holding or subsidiary companies:

None of the Managing Director and the Whole Time Director of the Company are in receipt of remuneration/commission from any subsidiary company of the Company. The Company has no holding company.

AUDITORS AND THEIR REPORTS

The matters related to Auditors and their Reports are as under:

Observations of statutory auditors on financial statements for the year ended March 31, 2018:

The auditor's report does not contain any qualification, reservation or adverse remark or disclaimer or modified opinion.

Secretarial Audit report for the year ended March 31, 2018:

As required under provisions of Section 204 of the Companies Act, 2013, the report in respect of the Secretarial Audit carried out by M/s. Rathi and Associates, Company Secretaries, in Form MR-3 for the FY 2017-18 forms part to this report. The said report does not contain any adverse observation or qualification or modified opinion requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

Statutory Auditors appointment:

Pursuant to the provisions of Section 139 of Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended, S R B C & Co LLP, Chartered Accountants, the Statutory Auditors of the Company, hold office upto the conclusion of Twenty Fourth (24th) Annual General Meeting.

The Company has received a certificate from the said Auditors that they are eligible to hold office as the Auditors of the Company and are not disqualified for being so appointed.

Cost Auditors:

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with notifications/ circulars issued by the Ministry of Corporate Affairs from time to time and as per the recommendation of the Audit Committee, the Board of Directors at their meeting held on May 4, 2017, appointed M/s. Kishore Bhatia & Associates, Cost Accountants, as the Cost Auditors of the Company for FY 2017-18. The Cost Audit Report for FY 2017-18 will be filed within the period stipulated under the Companies Act, 2013.

In respect of FY 2018-19, the Board based on the recommendation of the Audit Committee has approved the appointment of M/s. Kishore Bhatia & Associates, Cost Accountants, as the cost auditors of the Company. A resolution for ratification of the remuneration to be paid for such appointment is included in the notice of the ensuing Annual General Meeting.

OTHER DISCLOSURES

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

Extract of Annual Return:

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended March 31, 2018 made under the provisions of Section 92(3) of the Act is attached as **Annexure V** attached herewith and which forms part of this Report.

Conservation of energy, technology absorption and foreign exchange earnings and outgo:

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

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The details of foreign exchange earnings and outgo during the year under review is as under:

Value of Imports (on C. I. F. Basis)

Particulars	(₹ in Lakh)	
	MARCH 31, 2018	MARCH 31, 2017
Materials	991.13	1,360.46
Capital Goods	31.17	6.64

Expenditure in Foreign currency (on payment basis)

Particulars	(₹ in Lakh)	
	MARCH 31, 2018	MARCH 31, 2017
Foreign Travel	5.96	2.40
Professional Fees	66.65	179.43
Others	1,053.07	1,148.17

Earnings in Foreign Currency (on receipts basis)

Particulars	(₹ in Lakh)	
	MARCH 31, 2018	MARCH 31, 2017
Sale of residential units	110.77	88.12
Hospitality services	5,936.69	5,656.71

Unclaimed Shares

Out of the Equity Shares allotted to the successful applicants in the IPO concluded in the month of October 2010, 200 unclaimed Equity Shares are pending for credit to the demat accounts of the respective allottees, which shares stands transferred to the unclaimed shares demat suspense account in accordance with the requirements of (erstwhile) Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The requisite disclosures under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the unclaimed shares are as under:

Particulars	NO. OF SHAREHOLDERS	NO. OF SHARES
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	2	200
Number of shares transferred to the suspense account during the year	Nil	Nil
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Number of shareholders to whom shares were transferred from suspense account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	2	200

The voting rights in respect of the above 200 equity shares are frozen. No corporate benefits in the nature of bonus, split, rights had accrued on the aforesaid 200 equity shares.

Unclaimed and Unpaid Dividends and transfer to shares to IEPF

As on March 31, 2018, amounts of ₹ 14719, ₹ 18560, ₹ 37476, ₹ 39554, ₹ 54966, ₹ 42678 and ₹ 56162 are lying in the unpaid equity dividend account of the Company in respect of the dividends for FY 2010-11, FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15, FY 2015-16 and FY 2016-17 respectively. Members who have not yet received/ claimed their dividend entitlements are requested to contact the Company or the Registrar and Transfer Agents of the Company.

Pursuant Section 124 of the Companies Act, 2013 read with the Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules"), all dividends remaining unpaid or unclaimed for a period of seven years and also the

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shares in respect of which the dividend has not been claimed by the shareholders for seven consecutive years or more are required to be transferred to Investor Education Protection Fund in accordance with the procedure prescribed in the Rules. First of such transfers shall happen in FY 2018-19.

Service of documents through electronic means

Subject to the applicable provisions of the Companies Act, 2013, all documents, including the Notice and Annual Report shall be sent through electronic transmission in respect of members whose email IDs are registered in their demat account or are otherwise provided by the members. A member shall be entitled to request for physical copy of any such documents.

Internal Complaint Committee

The Internal Complaint Committee ("ICC") of the Company as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 exists for the real estate division as well as the hospitality division 'Westin Mumbai Garden City' ("WMGC"). The Company is strongly opposed to sexual harassment and employees are made aware about the consequences of such acts and about the constitution of ICC.

During the year under review, 4 complaints were filed with the ICC of WMGC under the provisions of the said Act, of which two were pending disposal at the end of year. During FY 2017-18, the ICC of WMGC also disposed off a complaint filed with it in FY 2016-17 and which was outstanding at the end of that financial year.

Corporate Governance

The report on Corporate Governance and also the report of the Statutory Auditors regarding compliance with the conditions of Corporate Governance have been furnished in the Annual Report and forms a part of the Annual Report.

Management Discussion and Analysis Report

The Management Discussion and Analysis report has been separately furnished in the Annual Report and forms a part of the Annual Report.

Business Responsibility Report

In compliance with the Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated December 27, 2015, the Business Responsibility Report for the financial year ended March 31, 2018 has been separately furnished in the Annual Report and forms a part of the Annual Report.

Dividend Distribution Policy

In compliance with the Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Dividend Distribution Policy formulated by the Company is available on the website of the Company <https://www.oberoirealty.com/pdf/Dividend-Distribution-Policy.pdf>

ACKNOWLEDGMENTS AND APPRECIATION:

Your Directors take this opportunity to thank the employees, customers, suppliers, bankers, business partners/associates, financial institutions and various regulatory authorities for their consistent support/ encouragement to the Company.

Your Directors would also like to thank the Members for reposing their confidence and faith in the Company and its Management.

For and on behalf of the Board of Directors

Vikas Oberoi

Chairman & Managing Director

DIN: 00011701

Mumbai, April 24, 2018

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